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15 December 1981

## NEAR EAST/NORTH AFRICA REPORT

No. 2454

## CONTENTS

## INTERNATIONAL AFFAIRS

- World Bank To Get \$1.5 Billion From Gulf Countries  
(AN-NAHAR ARAB REPORT & MEMO, 16 Nov 81) ..... 1

## INTER-ARAB AFFAIRS

- West Bank, Gaza Leaders' Views Discussed  
(Muhammad Ma'tuq; AL-MAJALLAH, 5-11 Sep 81) ..... 3

## OPEC AFFAIRS

- Report Shows Fall in OPEC Deposits in Western Banks  
(AN-NAHAR ARAB REPORT & MEMO, 16 Nov 81) ..... 11
- Open Registries Bar Expansion of OPEC Fleets  
(AN-NAHAR ARAB REPORT & MEMO, 16 Nov 81) ..... 13
- OPECNA Enters Its Second Year  
(AN-NAHAR ARAB REPORT & MEMO, 16 Nov 81) ..... 15
- Oil Market Prospects: IEA Sees a Confused Picture  
(Randa Takieddine; AN-NAHAR ARAB REPORT & MEMO, 16 Nov 81) ..... 17

## PERSIAN GULF AFFAIRS

- Establishment of Naval Force for GCC Discussed  
(Riyadh Najib Al-Rayyis; AL-MUSTAQBAL, 19 Sep 81) ..... 20

## AFGHANISTAN

- Afghan Rebels Attack Kabul Hotel  
(BBC World Service, 24 Nov 81) ..... 26

Advancements in Social, Consumer Services Reported (KABUL NEW TIMES, various dates) .....	27
University Registration	
Firewood Supplies	
Bank Accounts	
Textile Productions	
Hospital Accommodations	
Briefs	
Soviets 'Concentrating' Troops	33
Kidnapped Soviet Official's Appeal	33
EGYPT	
Copts Say Tension Relaxed Under Mubarak (David Rogers; MONDAY MORNING, 16-22 Nov 81) .....	34
IRAN	
New President Discusses Conditions Prevailing in Country (FTTELA'AT, 2 Nov 81) .....	37
Government Plans To Reorganize Ministries, Offices (KEYHAN, 10 Nov 81) .....	45
New Employment Law Explained, 'Abdollah Jasabi Interview	
Restoration Bill Discussed, by Hojjatoleslam 'Abdolmajid Ma'adikhah	
ISRAEL	
West Bankers Voice Objections to Autonomy Plan (AL-SHA'B, various dates) .....	51
JORDAN	
Ambassador to U.S. Discusses Jordan's Peace Principles (Lydia Georgi; MONDAY MORNING, 23-29 Nov 81) .....	57
LEBANON	
Efforts Made To Move Elections Up (8 DAYS, 21 Nov 81) .....	60
Recent Developments in Haddad's Enclave Discussed (Earleen Tatro; 8 DAYS, 21 Nov 81) .....	61
Lebanese Pound Declining (Marwan Iskandar; AN-NAHAR REPORT & MEMO, 16 Nov 81) .....	63



Discussions Underway To Reopen Tripoli Oil Terminal (Marwan Iskandar; AN-NAHAR ARAB REPORT & MEMO, 16 Nov 81) ..	65
LIBYA	
Syndicated Loan Gets Mixed Reception (Lionel Peters; 8 DAYS, 21 Nov 81) .....	66
Briefs	
Sophisticated Naval Development	68
Tripoli's Ire	68
MAURITANIA	
Interview With Mohamed Khouna Ould Haidalla (Ibrahima Signate; AFRIQUE TRIBUNE, Oct 81) .....	69
MOROCCO	
Economic Setback Outlined (8 DAYS, 21 Nov 81) .....	74
PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN	
Defense Minister's Speech on Armed Forces Day (Ali Ahmad Nasi al-Bishi; AL-RAYAH, 1 Sep 81) .....	76
SAUDI ARABIA	
Yamani Pledges To Defend \$34 Marker Price (AN-NAHAR ARAB REPORT & MEMO, 16 Nov 81) .....	79
Oil Exploration To Continue (8 DAYS, 21 Nov 81) .....	83
Airports' Viability Questioned (John Stokes; 8 DAYS, 21 Nov 81) .....	85
SYRIA	
Minister of Planning Discusses Plans for Investment, Growth (Salim Yasin Interview; AL-IQTISAD WA AL-A'MAL, Oct 81) ...	86
YEMEN ARAB REPUBLIC	
Salih Tries To Maintain Diplomatic Balance (8 DAYS, 21 Nov 81) .....	91

WORLD BANK TO GET \$1.5 BILLION FROM GULF COUNTRIES

Paris AN-NAHAR ARAB REPORT & MEMO in English No 46, 16 Nov 81 pp 5-6

[Text]

Saudi Arabia, Kuwait and the UAE have agreed to lend the World Bank around \$1.5 billion during the coming year. The new loans, which may be the first major financial support to come from the Arab countries in several years, would provide nearly a fifth of the \$8 billion which the World Bank plans to borrow this year to help underwrite its loan projects.

Saudi Arabia has pledged around \$1 billion for this fiscal year, according to an informed source, who suggested that the amount could be repeated in successive years. Another \$500 million will come from Kuwait and the UAE.

News of the loans followed the return of World Bank President A W Clausen from a trip to Saudi Arabia a fortnight ago. Mr Clausen also visited Kuwait, the UAE and Jordan several weeks earlier. In addition, Kuwait was recently reported to have agreed to lend the bank KD30 million, or about \$100 million, a step which was described here as an initial lending action by Kuwait.

The maturities and interest rates of the loan agreements had not been made available by the World Bank at the time of writing. Informed sources said, however, that the new funds were not earmarked for any special bank programmes, notably lending in the energy area which the bank is known to want to increase vastly.

Nor do the loans seem to be linked to the controversial issue of observer status for the Palestine Liberation Organisation at the joint annual meeting of the World Bank and its sister organisation, the International Monetary Fund. World Bank officials have generally been reticent about the size of lending by the Arab oil exporting countries to the bank over the past 15 months, dating back to mid-summer of 1980, when Kuwait and Saudi Arabia appeared to halt their lending in a gesture which was widely interpreted as throwing the two countries' support behind the PLO's position during manoeuvring over whether the PLO would be granted observer status at the 1980 annual meeting. A know-

ledgeable bank source observed that, while there was a "standstill" in direct placements by the bank with the governments of the Arab capital surplus members of OPEC, "we do have indications that they bought in the public market."

However, whether or not financial support from the Arab countries has been forthcoming since then, it does appear clear that the new agreements mark the first lending of major size from the Arab oil countries since the mid-1970s. In this regard, they notably follow on the heels of last spring's agreement by Saudi Arabia to lend the IMF nearly \$10 billion over the coming two years.

Despite its seeming willingness to back the bank financially, however, it does not appear at this point that Riyadh expects its new lending effort to lead directly to an increase in the voting shares of Saudi Arabia, Kuwait and the UAE, such as followed its loan to the IMF. But a source intimated that an increase in the voting shares of Saudi Arabia, Kuwait and UAE, which must be decided by the bank's Board of Executive Directors, will be brought up before the board eventually, although it is not yet on the agenda.

Sources also note that it is "very significant" that the Kuwaiti loan will be made in dinars and the Saudi loan perhaps in a mixture of riyals and dollars. Use of their national currencies in transactions with the bank, which for Kuwait at least is the first time it has done so since 1974, is regarded as additionally expressing the countries' support for the bank.

CSO: 4400/77

WEST BANK, GAZA LEADERS' VIEWS DISCUSSED

London AL-MAJALLAH in Arabic No 82, 5-11 Sep 81 pp 12-17

[Article by Muhammad Ma'tuq: "How Do You Accept Being an Alternative to the PLO? What Is Your Opinion of Prince Fahd's Proposals To Solve the Crisis? What Do You Say to Sharon, and What Is Your Opinion of his Projects and Plans? What Are the Conditions To Begin the Palestinian Dialogue With the United States"]

[Text] In his letter to the American secretary of state, Alexander Haig, Israeli Prime Minister Menachem Begin inquired as to the date for the return of President Reagan's envoy, Phillip Habib, to the Middle East, in order to continue his mission, which began with the onset of the Syrian missile crisis in Lebanon last May and ended with the achievement of a cease-fire between Israel and the PLO, without it being named. Haig replied publicly that Habib would return "when Reagan feels his return would be useful." However, informed sources say that this time Habib will be carrying some proposals pertaining to a solution of the Palestinian problem, and that within the framework of his new mission, he will meet with Palestinian leaders who have a connection with the PLO in certain Arab states, in order to present these proposals to them.

According to this assumption, the leadership of the Palestinian Resistance fears a large-scale operation against them in Lebanon, accompanied by an organized and harsh campaign of repression in the West Bank and the Gaza Strip. This has started recently, with the beginning of implementation of the so-called "new Israeli policy" in the occupied areas.

Editorials in some of the Western press are suggesting to Reagan's administration that they ask the Israelis to adhere to their promise to establish self-rule during the next year. However, the United States would have to reconsider one of its previous commitments to Israel and open a direct dialogue with the PLO.

In fact, the statement of Mr Brzezinski, former President Carter's advisor for national security affairs, did not pass without an uproar. He said it was necessary to talk to the Palestinians, by virtue of the fact that the commitment to Israel not to undertake direct contact with them was made by former secretary of state, Henry Kissinger, in a private capacity. Some Palestinian circles in Beirut consider that to be an indication of a change in the official American position regarding the PLO, despite the fact that Brzezinski no longer occupies an official post in the new American administration.

In these circles' opinion, the statements of the new Israeli defense minister, Ariel Sharon, about his intention to begin a dialogue with Palestinian leaders of the West Bank and Gaza next fall, falls within the American plan to find a solution to the Palestinian problem. Sharon has in fact begun his preliminary contacts. He held a series of political meetings with mayors and political dignitaries in Tulkarm, Gaza, Hebron and East Jerusalem.

No one doubts that Israel is trying to intimidate the mayors and other Palestinian dignitaries, who are all loyal to the PLO, by the threat to use its alternate "agents" in the haggling. This is what Moshe Dayan referred to as reprehensible, in an interview with a British newspaper, in which he advised Sharon not to substitute "agents" for the true representatives of the Palestinian people, even if they were supporters of the PLO.

The West Bank and Gaza mayors, and other national personalities, are certain that the Israeli and American policy aimed at isolating the PLO will not succeed. They told AL-MAJALLAH, in a series of telephone interviews we conducted with them, that it would be useless to meet with the United States, unless it totally changes its policy in the Middle East, and in that framework, recognizes the PLO. At that time, those who represent the PLO would no longer be suspicious about dialogues with the United States.

The mayor of Nabulus, Bassam al-Shak'ah, the acting mayor of Hebron, Dr Mustafa al-Natshah (the actual mayor is Fahd al-Qawasimah, whom Israel exiled, following the Hebron fedayeen operation in May of last year), the mayor of Ramallah, Karim Khalaf, the mayor of Gaza, Rashad al-Shawa, and Anwar Nusaymah, one of the leading political dignitaries in occupied Jerusalem, all responded to AL-MAJALLAH's questions. These interviews took the form of a poll conducted by AL-MAJALLAH with the most prominent West Bank and Gaza personalities.

#### The PLO

Al-Shak'ah, who lost both legs in that booby-trapped car incident last year, says that the PLO's legality and exclusivity in representing the Palestinian people is derived from the Palestinian people themselves. "It fully represents the Palestinian people, it is their leadership. Therefore, it is their free will, because in view of the Palestinian people's dispersal and being under occupation, they cannot express themselves. The PLO represents the Palestinian people's free will."

Al-Shak'ah added: "The PLO represents the Palestinian people just as much as any government in the world represents its people. Despite the circumstances and dispersal of the Palestinian people, no group exists that opposes PLO representation of the Palestinians."

Al-Shak'ah views himself differently today from the one whose car was mined, just as he believes the PLO is changing and represents the Palestinian people "with all its capabilities and wherever it is present." Moreover, the situation with regard to the occupied territory "where our people are constantly affirming their cohesiveness with their leadership, which has proven its ability to wisely pursue the course of action and has been able to extract many gains on behalf of the Palestinian right, and has increased its importance and standing on both the Arab and international levels."



Al-Shak'ah also points to the fact of "the support that the legal Palestinian leadership has received from liberation movements and all the peoples of the world."

Anwar Nusaybah, who held several ministerial posts in the Jordanian government prior to 1967, supports the PLO's representation of the Palestinian people. "All the Arab states have endorsed this position. The PLO also enjoys support from widespread sectors, although I did not say unanimous. What could be more legal?"

#### Al-Shawa's Caution

Rashad al-Shawa, the mayor of Gaza, who apparently was still remembering Sharon's atmosphere of intimidation during the recent meeting with him, was more cautious about talking about the PLO. He did not mention it by name in our interview with him. When he sensed that we had noticed that, he commented that "you do not appreciate our position here at home. The benefit of certain statements is paltry in comparison with the damage that might result from them." The Israeli military government in the occupied territory has forbidden anyone to support the PLO in any public statements, on grounds that the PLO wants to destroy Israel.

Despite that, al-Shawa's position differs considerably from the positions of his colleagues regarding the PLO as the sole legal representative of the Palestinian people. "The general circumstances through which the Palestinians have passed, the circumstances which created it (the PLO) and the dimensions that it has, has given it full legality, until later, when the Palestinians shall insist on being independent in choosing those who shall represent them."

Rashad al-Shawa's caution in discussing political questions, since he has not yet made any statements about his meeting with Sharon, was in contrast to the mayor of Tulkarm, Hilmi Hanun, who told reporters after his meeting with the Israeli defense minister that he rejected the self-rule plan within the framework of the Camp David process and that he was not willing to discuss its details. Hanun was not hesitant about declaring, "the PLO is the sole representative of the Palestinians, and it is the one to discuss our future."

Within the context of our conversation with him, al-Shawa said: "Sharon talked about the matter of self-rule and I replied that by far the most important thing about self-rule for us is that you recognize our right to self-determination and the establishment of a sovereign Palestinian state west of the Jordan River."

Al-Shawa made it clear that the purpose of pointing out the place of the state was in reply to Sharon's claim that the place for the Palestinian state was Jordan.

Al-Shawa, who previously was exposed to threats due to his support for "complete self-rule" and not for what Israel proposes, says that the expression of right of self-determination "adequately covers all Palestinian and Arab demands."



We asked al-Shawa whether the subject of the PLO was discussed, and he replied in the negative. He then said, "Tacitly our position was understood, that we have one legal representative." He added that he did not raise the matter for fear of getting into matters of perception.

Al-Shawa says that the Israelis are still promoting the "debased self-rule that they have repeatedly announced." He added that the Israeli government, through other measures that lift some restrictions from general freedoms, "is trying to ease the atmosphere that they brought about, in the hope that it can carry on a discussion with the Palestinians. However, I do not believe that this policy will succeed in finding a single Palestinian, either within or abroad, who will consider himself an alternative to the Palestinian leadership."

Mustafa al-Natshah, "up to now" has seen no lessening of restrictions. He is afraid that "this is propaganda intended for overseas. We have heard but we will not yet perceive any benefits."

Bassam al-Shak'ah thinks that the so-called new policy "is an attempt to cover over the racist, expansionist policy, and to take the opportunity to digest the expansions that Israel has achieved despite the world, through her fait accomplis."

#### Agents

Al-Shak'ah says that Sharon can impose contact on the basis of his responsibility, but "there is no indication of an intention to deal with the masses of the people, in terms of achieving their national interests. There are no indicators of contact with other than agents, in order to spotlight them and give the agent forces room to be active in the area."

Among them is Mustafa Dudin, whom the mayors and national dignitaries of the West Bank and the Gaza Strip describe as "a puppet in the hands of the occupation authorities who use him to achieve their best interests." Mustafa Dudin is not alone; on the contrary, there are other persons in various areas who behave like him, as al-Shak'ah told us. Dudin heads one of the village leagues that is active in Hebron. Al-Shak'ah says that Dudin's activity "is aimed at creating contradictions in our Palestinian society and between village and town, and at exploiting circumstances for the benefit of the occupation and liquidation policies."

Al-Shak'ah describes Dudin as being "a shameless person who thoughtlessly provokes our people. His only standing is with some opportunistic agents, out for their own interests, who have become isolated from the lives of their people."

Al-Natshah, in whose area Dudin is active, considers that using Dudin as a political symbol "is one of the military government's attempts to create an alternative leadership." However, he believes that this attempt is destined for failure.

Therefore, there is consensus in the West Bank and Gaza that there is no possible alternative to the PLO domestically or abroad Karim Khalaf, who is

awaiting permission to go abroad to Houston to complete his treatment, and who has previously met with many officials in numerous countries, says that he always tells those he meets that "if you want to do business, go to the PLO. All our people are committed to the decisions and steps that its leadership makes."

#### Dialogue With America

However, what about dialogue with the United States which so far refuses to have any direct contact with the PLO and forbids its representatives, including Habib, when announcing the cease-fire decision between the Palestinians and Israel, from even mentioning its name? Would there be any benefit from a Palestinian dialogue with it, and who would conduct this dialogue on the Palestinian side?

There was consensus among the Palestinian dignitaries who responded to AL-MAJALLAH's question that none of them nor anyone else outside of the PLO has the authority to represent the Palestinians. There was also consensus on the need to have a Palestinian-American dialogue.

Bassam al-Shak'ah says that "the question of dialogue with the United States is basically rejected unless America completely changes its policy. If that change in its goals occurred, then naturally, Washington would recognize the PLO, because any effective and advantageous policy must deal with it."

Rashad al-Shawa responded to the same question, by saying, "I am prepared, as I have previously said, to meet and talk with anyone in the interests of finding solutions. But I am not an authority who can make decisions or sign in the name of the Palestinian people. If I met with the representatives of the United States or anyone else, my meeting would be to reemphasize once again our position with regard to the Palestinian people's right to self-determination and their right to establish an independent and sovereign state on their territory."

Al-Shawa added: "I do not have the qualifications to enable me to represent the Palestinian people in a dialogue with America. Naturally, with those qualifications not existing, I will not come forward, nor will anyone else."

This is the view of al-Natshah as well. "No one would consent to be an alternative to the PLO in the occupied areas, and no one could enter into any dialogue with the Americans regarding any matter pertaining to the Palestinian people unless the PLO empowered them to do so."

Karim Khalaf referred to the United States' role in the recent cease-fire on the Lebanese-Palestinian border, and despite that he says: "The United States is still ignoring a basic fact, that the PLO is the sole representative of the Palestinian people. If America really wants to bring peace to the area, and I doubt that, it would understand that the PLO is a fundamental party to the peace process."

Anwar Nusaybah said that the Palestinian-American dialogue "depends on America itself. In the circumstances in which we live, our Lord gave us the intelligence to solve our problems through dialogue. If there is room for dialogue, let it take place. The ball now is in the United States' court."

The United States stipulates that the PLO or the Palestinian party to the dialogue must recognize Israel in order for the American-Palestinian dialogue to take place. But, all the Palestinian dignitaries believe that that should be left to the PLO to determine. It is the sole legal representative, and it is the decision-maker in all such matters. Al-Natashah who has frequently been ousted from Hebron because of his hostile positions toward the occupation authorities, does not expect the question of recognizing Israel to be difficult. "When there is an independent Palestinian state, it will inevitably recognize the peoples of the area as all being on the same footing of equality."

#### Prince Fahd's Plan

Among the most important proposals that the United States recommends be discussed with the PLO are the recent proposals of Saudi Crown Prince Fahd Ibn 'Abd al-'Aziz, which call for complete Israeli withdrawal from occupied Arab lands, and the establishment of an independent Palestinian state on the West Bank and the Gaza Strip, with Jerusalem as its capital.

The Palestinian dignitaries were familiar with Prince Fahd's proposals, and their interests were kindled on various levels. They had positive views concerning them.

Al-Shak'ah says: "Actually, we find something new in the plan with respect to the policy of Arab officials. Accordingly, it is a submission that in fact expresses the just demands of our people and our nation." He added: "Our masses find that the effectiveness of this submission would increase if it would become the springboard for an Arab consensus, which itself would express unity of position toward the issues which our nation faces and the challenges which it is facing in various Arab areas, including Lebanon."

We asked al-Shak'ah what his position would be if Prince Fahd's proposals became a unanimous Arab plan, and he said that it was too early to tell. He added: "There is nothing in place that would allow me to express an opinion regarding this matter. Our leadership, the PLO, is able and qualified to express itself." It should be noted that the PLO, through its spokesman Yasser Arafat, has supported these proposals.

Al-Natshah says that "We are familiar with Prince Fahd's plan and we support it. It is a positive step toward solving the Palestinian problem."

Khalaf supports the plan, while also expressing some reservations. He says: "I believe that the articles that the plan contains comprise the minimum that can possibly be considered as a basis for a unified Arab position which would have any substance and influence."

Khalaf added that the PLO has "the sole right to speak for the Palestinian people." Khalaf calls on Saudi Arabia to take "practical and indicative steps against the United States, which continues its enmity toward the Palestinian people." However, he concluded by saying that they "in the occupied lands are committed to whatever positions the PLO takes regarding whatever ideas and proposals are raised."

Al-Shawa describes Prince Fahd's plan as being "an important springboard toward achieving peace." He says: "We can summarize it as something that we want. The crux is not in the plan itself, but rather in how much we achieve from these plans."

Al-Shawa says that "I am not optimistic about achieving gains in the near future. Therefore, I believe that our duty here at home is to depend to a very large extent on time and on the assistance of our brothers abroad, to make it possible for us to endure."

However, al-Shawa leaves a surprising footnote. "This is another thing that was not expected. As for reaching a solution as a result of studied steps and planning, I don't see that any time soon."

#### Sharon's "Plan"

However, there is Sharon's "plan" that considers that the Palestinian state in effect exists in Jordan. Al-Shawa forcibly expressed the view, in his meeting with the Israeli defense minister, that the location of the Palestinian state was west of the Jordan, not east of it. As for al-Shak'ah, he says that "Israel's leaders, including Sharon, are good at giving opinions that they have no right to in any way whatsoever. This is a kind of Israeli deception, so that they can structure the area in ways that will serve their aggressive, expansionist interests. It is similar to the bombing of the nuclear reactor in Iraq or interfering in Lebanon. In this case, they are intervening in the matter of Jordan."

Al-Shak'ah added: "Sharon is no different in this than Peres who raised the Jordanian option as an alternative to self-rule." Al-Shak'ah feels that Jordan has a role in solving the Palestinian problem, just as any other Arab state has a role, equal to its standing with the PLO, on behalf of achieving the Palestinian national interests.

Al-Natshah holds the same view, that "Jordan will have a helper's role regarding the matter of the Palestinian people," but he points out that Jordan itself considers the PLO to be the sole, legal representative of the Palestinian people. He goes on to say: "The Palestinian state will have a special, close relationship with Jordan, by virtue of the fact that it has a long, mutual border with the Palestinian state."

Regarding the same matter, al-Shawa says: "Ultimately, there is no doubt that Jordan will have a major role, because Jordan is the eastern key to the occupied lands, just as we in the occupied territory are an outlet for Jordan to the Mediterranean Sea. Jordan and the occupied territory complement each other."

However, al-Shawa adds: "There is no role for Jordan or anyone else now." One of the Palestinian dignitaries, who previously conceded his support for a major Jordanian role in solving the Palestinian problem, is Anwar Nusaybah. He is a former minister of defense, a former minister of education, a former minister of public works, a former governor and a former ambassador in Jordan. Nusaybah says: "From my point of view, resolution 242 requires Israel to withdraw completely from the territory of those states with whom she entered into war in 1967, and that is in the interests of these states. Accordingly, I



considered that Jordan had a basic role. However, after the Arab summit conference in Rabat and the decision requiring efforts to solve the Palestinian problem in regard to all its aspects and roots, in return for a true peace, the PLO was the only one left that could assume this responsibility."

Nusaybah says: "At this stage, the PLO is the foundation."

Finally, these are the positions of the most prominent Palestinian dignitaries in the occupied territory, after the decision to cut off Arab assistance to the occupied lands, which the joint Jordanian-Palestinian committee was raising. Everyone who responded to AL-MAJALLAH's questions recognized that the purpose of the decision was to destroy growth projects in the occupied territory, especially since Israel did not compensate for money forbidden to enter with funds that it gave itself. Al-Shak'ah says that Israel could bear the additional burdens. Therefore, he considers the decision to have political goals. Through the pages of AL-MAJALLAH, he is addressing the Arab nations to formulate a counterplan to safeguard the steadfastness of the Palestinian at home.

While awaiting that, Karim Khalaf says: "The stopping of municipal services will not affect the morale of our people. Its rights and its will come before all else."

7005

CSO: 4404/58

## REPORT SHOWS FALL IN OPEC DEPOSITS IN WESTERN BANKS

Paris AN-NAHAR ARAB REPORT &amp; MEMO in English No 46, 16 Nov 81 p 6

[Text]

There was a marked decline in deposits by OPEC countries in the international banking system in the second quarter of this year, according to the latest report published by the Bank of International Settlements (BIS), which groups major banks in the West and Japan. OPEC countries placed only \$1.6 billion with reporting banks, compared with deposits of \$5.1 billion in the first quarter.

The BIS report indicates that OPEC countries made a net contribution of some \$7.5 billion in the first three months of this year. However, OPEC countries borrowed almost as much as they deposited during the second quarter, thus cancelling them out as net suppliers of funds. Most of the extra demand for credit came from Middle Eastern OPEC members.

US and European banks were the main suppliers of international liquidity during the period. There was a net outflow of funds from US banks totalling \$7.6 billion. This continued a first quarter trend and brought the total net outflow of funds from the US to \$56 billion since the end of March 1980. European banks were also major net contributors of funds during the second quarter, with their overall net external liabilities falling by some \$8.5 billion.

Lending within the reporting area declined from \$23 billion in the first quarter to \$19 billion in the second. New lending to countries outside the reporting area increased from \$7 billion to \$16 billion. Lending to non-oil developing countries climbed markedly from \$4.9 billion to \$8.5 billion. Commenting on this, the BIS report said: "The acceleration in borrowing was brought about in large measure by countries outside Latin America that had on balance hardly any recourse to international bank credit in the first quarter of the year."

Eastern Europe continued to draw down its deposits in the reporting banks. The Soviet Union alone drew down its deposits by \$1.9 billion, bringing total



Soviet withdrawals over the first half to an unadjusted \$5 billion. Comecon deposits in the West now stand at \$9.4 billion and those of the Soviet Union at \$3.6 billion. During the second quarter, borrowing by these countries from the West fell by \$1.7 billion to \$57.2 billion.

The BIS report estimated that the West had \$14.1 billion in loans outstanding to Poland at the end of June, compared to \$14.7 billion at the end of the first quarter. Loans to Romania declined from \$5.4 billion to \$5.1 billion. The scale of these countries' indebtedness and the accompanying trend on the part of the Soviet Union towards reducing its deposits in the West are clearly significant in relation to the recent announcements by Poland and Hungary that they are intending to apply for IMF membership. If their membership bid succeeds it will allow them access to substantial sources of new credit. Poland, for example, would be able to borrow somewhere in the region of \$4-5 billion, representing four times its likely quota. This would relieve the Soviet Union (and Western banks) of some of the strain involved in trying to keep afloat the troubled economies of its Eastern bloc allies.

The new BIS figures also show that Mexico has overtaken Brazil as the world's largest borrower from the international banking system, with gross borrowing standing at \$45 billion during the second quarter, compared to \$42.7 billion in the first. Brazil's total rose from \$43.8 billion to \$44.1 billion by the end of June.

The BIS commented that the credit off-take of non-oil developing countries in the first half of this year, which amounted to \$13.4 billion, was less than in both the first half of last year when it stood at \$14.8 billion and the second half, when it totalled \$24.7 billion.

CSO: 4400/77

## OPEN REGISTRIES BAR EXPANSION OF OPEC FLEETS

Paris AN-NAHAR ARAB REPORT & MEMO in English No 46, 16 Nov 81 pp 6-7

[Text]

Flags of convenience in international shipping are a major obstacle to OPEC countries seeking to develop their own tanker fleets, a UN official charged in a report carried by the OPEC news agency last week.

In a forthcoming article in the *OPEC Review*, Director of the Committee on Shipping of the UN Conference on Trade and Development (UNCTAD) Adib al-Jadir advocates phasing out the system of open registries of shipping. Putting an end to flags of convenience would rationalise world shipping, enable OPEC countries to play a greater role in the transport, marketing and distribution of oil, and provide an opportunity for increased economic cooperation between oil exporting and other developing countries.

Last May in a special session, UNCTAD's shipping Committee approved by a majority vote a process for abolishing flags of convenience. The Group of 77 was united in demanding the establishment of true economic links between flag and vessel. Only Liberia, which derives almost 10 per cent of its foreign exchange from the open registry system, stood apart with a dissenting vote.

The OPEC news agency said Mr Jadir urged that the process set in motion at the May UNCTAD meeting must now be actively pursued, especially by the OPEC countries, "which have an inherent interest in expanding their fleets". The OPEC countries have both economic and strategic reasons for wishing to increase their share of ownership of the world's tanker fleet and their participation in the transport and distribution of oil. At present, the maritime transport of hydrocarbons is almost totally dominated by multinational corporations and shipowners of the developed market-economy countries. In 1980 OPEC countries held only 3.6 per cent of the world's tanker fleet, while developed countries owned 52 per cent.

Flags of convenience accounted for 36.2 per cent of world tanker tonnage, according to Mr Jadir. Consequently "there has to be a substantial transfer from

open-registry tanker tonnage to the national fleets of these developing countries." Developing countries as a whole, including OPEC, owned only 7.6 per cent of total tanker tonnage in 1980.

The case against flags of convenience is quite strong. Vessels flying flags of convenience often break shipping codes, avoid taxes and, according to a recent editorial in the *Bulletin of the Organisation of Arab Petroleum Exporting Countries (OAPEC)*, have been used to violate the UN embargo on oil exports to South Africa. Mr Jadir sees them "at the root of irrational and erratic developments in the world's shipping fleet in recent years," which include mounting incidents of maritime fraud (*An-Nahar Arab Report & MEMO*, November 9), shipwrecks, scuttling of vessels, and environmental disasters. Many transnational corporations are involved in open registry operations because of lower crew costs: in some cases labour costs under convenient flags are half of those under a national fleet. Flags of convenience are, in Mr Jadir's words "a tool for transnational corporations and developed countries used in maintaining their domination over the transport of oil and other bulk cargoes."

In Mr Jadir's view, if open registries are abolished the best course for developing countries to follow in expanding their fleets and their share of world shipping would be in cooperation between the oil and non-oil exporters. Mr Jadir points out that "in the non-oil exporting developing countries there is an abundance of trained and highly efficient manpower, as well as management potential, for the manning of tanker fleets. At the same time, OPEC countries have a financial and low fuel cost advantage. By bringing together these elements in the form of joint ventures with other developing countries, OPEC countries can contribute to cementing effective economic cooperation within the developing world."

## OPECNA ENTERS ITS SECOND YEAR

Paris AN-NAHAR ARAB REPORT & MEMO in English No 46, 16 Nov 81 p 8

[Text]

*OPECNA*, the news agency jointly owned by the members of OPEC, celebrated its first birthday last week with some sober – and sobering – comments from the current President of the OPEC Conference, Indonesia's Minister for Mines and Energy Dr Subroto, and Dr Ibrahim Shihata, Director General of the OPEC Fund for International Development. In its first year of operation, *OPECNA* has distributed more than 300,000 words of news to about 400 subscribers in 70 countries.

Both Dr Subroto and Dr Shihata expressed qualified satisfaction with *OPECNA*'s performance during its first year of operations; this newsletter, which has examined the infant news agency's daily offerings throughout the year, agrees with their judgements. The Vienna-based news agency depends for its reports on the media of OPEC's 13 members as well as on contributions from its staff at headquarters. There can be little doubt that *OPECNA* has been a positive force in reporting the activities of the oil exporting states over the past year and no doubt whatsoever that it could do a far better job if these countries cooperated more fully with their own news agency. "Member country input for *OPECNA*, reflecting their internal activities, is essential," Dr Subroto declared. In wishing *OPECNA* well as it enters its second year, *An-Nahar Arab Report & MEMO* echoes Dr Subroto's desire for a greater flow of news. Some OPEC countries act as if *OPECNA* did not exist. They hurt not only OPEC as an organisation but also themselves.

Dr Subroto conceded that a year was too short a period in which to judge *OPECNA*'s impact. "However," he said, "it is helping to combat bias and ignorance about the organisation, together with efforts it is making in other areas such as OPEC workshops for journalists ... Perhaps a direct and frequent dialogue should be established between *OPECNA* and the editors of major news services and media in an effort to help them see our point of view."

Dr Subroto saw the tide of bitterness against OPEC receding. "In a general sense," he said, "there has been a steady improvement of the OPEC image. Besides *OPECNA*, there are other forces that are contributing to an improvement of the organisation's image because of a better appreciation in the world of what OPEC is doing. There is less talk of OPEC as the cause of the world's ills. In scientific and academic circles, as well as in the press, there is now an awareness of the energy problem and the role OPEC has played in preventing a terrible crisis."

Dr Shihata marked *OPECNA*'s first birthday by examining the Third World's attempts to counter the influence of Western news agencies and the way in which they dominate the flow of news. While asserting that there was a good deal of truth in Third World complaints that the Western agencies tended to reflect the views of industrial nations in their reporting, Dr Shihata addressed the problem pragmatically.

"What is needed," he declared, "is either the establishment of a truly international agency run collectively, which does not seem to be a practical solution, or at least an attempt to balance the present situation by the creation of counterpart agencies reflecting the views and interests of the Third World." *OPECNA*, he said, was not necessarily attempting to counter the Western agencies, adding that "it would be pretentious to say that through *OPECNA* we have changed the international information order. But at least it is one of the serious attempts being made to influence the present order with the objective of making it a more balanced one."

There have been suggestions, including one by Dr Subroto, that *OPECNA* should be expanded to cover Third World events outside the immediate orbit of OPEC. According to Dr Subroto, "as an ideal target, *OPECNA* should eventually expand into covering news on and about other developing countries. For the immediate future, it should extend its coverage to important international *fora* that touch upon the energy problems and the development of the Third World. OPEC would render a good service to the developing countries by interpreting and analysing the meaning of these international events."

Dr Shihata felt that *OPECNA* was heading in the right direction, "but it should not stop at that. It would be a mistake to lose sight of the objective. More has to be done in terms of coverage and analysis, and even in countering views that come from industrialised countries on issues of relevance to the Third World." Stereotyped images were one of the world's principal problems and were a potential barrier to assistance for developing countries. "The way to change these images," he stressed, "is through direct contact and more free flow of information. That is what we should be doing."

And so say all of us.

## OIL MARKET PROSPECTS: IEA SEES A CONFUSED PICTURE

Paris AN-NAHAR ARAB REPORT & MEMO in English No 46, 16 Nov 81 pp 8-9

[Article by Randa Takieddine]

[Text]

The International Energy Agency is forecasting a de-stocking of crude oil of between 3.6 and 3.7 million b/d by oil companies during the first quarter of 1982, but admits that its perceptions of the market are clouded by a host of unknown quantities. An IEA official who asked not to be identified told this newsletter there was a discrepancy in the figures for the drawing down of stocks of oil "that cannot really be explained at the moment".

If, for example, the forecasts given to the IEA by market participants are to be believed, current de-stocking is only some 500,000 to 600,000 b/d, well below the generally accepted figure of 2 million b/d for the final quarter of 1981. The same sources are responsible for the predictions for the first three months of next year and these are at least 1 million b/d above IEA expectations for de-stocking at that time of the year.

According to the official, the confusion is not due to the agency's lack of forecasting ability or a paucity of information. The villain of the piece is the time lag between the statistical insights provided by the oil market and reality in what are clearly conditions of flux. "We will eventually know what the situation is," the official said. "We are in a position of seeing certain things and suspecting something else to be the case not being able to prove it other than by pointing to circumstantial evidence."

The official explained that "a lot of things are different in the oil market now. It is only natural that they affect systems put in place during times of more regularity." The principal change, he said, was the sharp drop in demand for oil which began towards the end of 1979 and which has continued ever since. "This drop is now starting to taper off," the official said. "It is not stopping, but the rate of drop is now lower than it was at the beginning of the year. Demand in the IEA area dropped almost 8 per cent in the first half of 1981 but the slowdown in the second half will bring



the overall drop in demand closer to 6.5 to 7 per cent for the year. The rate of drop at the moment is maybe of the order of 4 per cent."

De-stocking was due both to the normal cyclical draw-down of oil and the cost of carrying a large inventory at high interest rates, the official noted. "What is clouding the picture is the question of sea stocks. We have certain indications, but we have no hard evidence. Nor, I think, has anyone else, including the producers themselves, of how much of the sea stocks have been landed to replace land stocks and how much has not and is actually at sea. We know the trend, but we do not have absolute statistics."

Questioned on predictions by OPEC ministers, notably Saudi Arabia's Sheikh Ahmed Zaki Yamani, that the oil market will lose its softness and move into balance after the first quarter of 1982, the IEA official pointed to the problem of forecasting demand. "At the moment, our forecast is that demand will be more or less flat in the IEA area next year. We think that demand in the IEA area will average 32.9 million b/d by the end of the year, compared to 38.7 million b/d just two years ago, and that it will stay at about this figure.

"It does not seem that there are indications that economic growth is going to pick up in the next few months," the official stated, speaking before President Reagan's own rather pessimistic forecasts for the US economy. "Even though overall demand for the year may be flat," the official added, "demand might continue to drop in the first half of the year."

This, the official said, "would lead one to believe that, at the production level planned by OPEC, the state of the market would be more or less the same as it is now.

There were, however, some variables. "The stock draw will have to end at some point," the official said. "If we have a very hard winter and a stock draw that is terminating and market participants at that point who are ready to take on new inventories, there may be an upswing in demand. But it would not be an upswing in demand because of final consumption. It would be because of conditions in the market."

The timing for this upswing, the official said, was between February and April of next year. "If it does not happen then, there is not much chance that it will happen during the next two quarters even with the normal cyclical build-up of stocks."

Turning to prospects for oil prices, the official noted that the softness of the market was dictating price differentials. "Even the market participants on the producing side have set their differentials in line with a market judgement which indicates that the market will only support a certain amount of differential above the OPEC marker crude price," the official said. "They did not go to the limit allowed by the OPEC agreement and

this argument is not yet over. There are other market participants like North Sea producers and Mexico and they have made similar market judgements. There is some harmony, but it is not yet total. The market participants are not yet unanimous on what the market will support."

Taking a still longer view, the IEA official could have been mistaken for a member of OPEC's Secretariat. "What we in the IEA do not forget is that oil is not an infinite resource. It has limits which are perhaps longer than we first thought they were but in the longer term we have to keep thinking about changing the structures of our economies as much as possible away from oil. There are sectors such as transport where oil will remain indispensable for some time to come, but firing a boiler with oil does not make much sense any more. There are cheaper and more efficient ways of doing it and there is coal in abundant supply to do the job. Oil is a premium fuel. So is natural gas. They should not be used to fire boilers. They should only be used in sectors where it is hard to replace them."

CSO: 4400/77

ESTABLISHMENT OF NAVAL FORCE FOR GCC DISCUSSED

Paris AL-MUSTAQBAL in Arabic No 239, 19 Sep 81 pp 29-31

[Article by Riyadh Najib Al-Rayyis: "AL-MUSTAQBAL Publishes the Minutes of the Ta'if Conference Sessions, Establishment of a Joint Gulf Naval Force, and Pipeline to Avoid the Straits of Hormuz"]

[Text] The meeting of the foreign ministers of the Gulf states in Ta'if on 31 August was tantamount to a decisive change in Gulf relations, and in determining the list of priorities which international variables have imposed upon them. Over the 3-day period, many of the expressions on the same faces that had attended the Abu Dhabi conference last May changed. Some comraderie and closeness has developed among the six ministers, which was not present at the famous Abu Dhabi meeting. Broad smiles have appeared on some of the faces, from which laughter had long been missing.

The Gulf Cooperation Council [GCC] has become a reality, and no longer is there scope for any nation to impose its political concepts, military priorities and economic conditions on the others.

Therefore, these concepts must be unified, these priorities agreed upon, and these conditions discussed. All of this has become mutual premises for a single goal. Therefore, it must be emphasized that the Gulf states' foreign ministers were more determined than at any time in the past to confront the political variables that have just occurred during the past 3 months with a great deal of realism, along with discussion of matters which various previous conferences had put off in the past, with a great deal of flexibility and openness, without any prior position, even if it had been previously announced in previous conferences of through other forums.

Over the 3 days in Ta'if, the Gulf states' foreign ministers held seven meetings. Five of them were closed, and could be attended only by the ministers themselves along with the Council's secretary general. Two meetings were open and attended by all the members of the delegations.

In the two general meetings, attended by a delegation from each state, there was discussion of procedural matters placed on the agenda by the secretariat general. At the closed meetings, they were immersed in the political changes which the ministers wanted to discuss alone, without advisors, deputies or aides, in a congenial atmosphere, free of the formality of the tradition conference. The Gulf

foreign ministers had been satisfied with this arrangement, after its success in Musqat and Abu Dhabi, since the ministers are well acquainted with each others' personalities. It seemed to be easier to discuss the most sensitive and complex matters, without each one of their countries having to assume a formal position, from which it might be difficult to back off or to rally around.

As for those present, the "six Gulf knights" were well known and most of them are contemporaries of Gulf events, during the past 10 years, apart from the "newly graduated knight," the GCC's secretary general, 'Abdullah Bisharah. The knights of the Gulf roundtable met in Ta'if as a GCC ministerial council, holding its first session since its official establishment in Abu Dhabi 3 months ago. The sessions were chaired by Prince Sa'ud al-Faysal, the Saudi foreign minister, in his capacity as minister of the host nation. Those in attendance were: Shaykh Sabah al-Ahmad, foreign minister of Kuwait; Shaykh Muhammad Ibn Mubarek Al Khalifah, foreign minister of Bahrain; Qais 'Abd al-Mun'im al-Zawawi, foreign minister of Omah; Shaykh Ahmad Ibn Saif Al Thani, foreign minister of Qatar; and Rashad 'Abdullah al-Nu'aymi, foreign minister of the United Arab Emirates.

Discussion began with the Omani security paper, upon which discussion had been postponed at the Abu Dhabi conference. In fact its existence was continually denied throughout that conference. The Omani paper has two sections:

The first is political and discusses the priorities of Gulf policy, pertaining to cooperation with the United States and the Western nations, and the position of these priorities with respect to the Soviet Union and its cooperating nations in the region.

The second part is military. It discusses defensive and security questions, and what is needed to establish true military coordination in the Gulf, in light of the traditional and continual saying that responsibility for Gulf security and its defense is the responsibility of the Gulf states alone.

The Omani paper was submitted with specific proposals in this regard. The highlights are:

- \* Establish a joint Gulf naval force, forming the nucleus of a military unit to defend the Gulf. Since all the Gulf nations face on the sea, the matter of creating a joint naval force comes within defensive priorities.

- \* Increase the size of Gulf armed forces to equal the other hostile forces located on another part of the Arabian Peninsula.

- \* Hold joint military maneuvers among the Gulf states, represented by the various services, at different times, in accordance with a time schedule, as a part of the beginning of Gulf military coordination.

- \* Unify the sources of Gulf weapons and training, and the means of purchasing them.

- \* Unify the means of Gulf air defense, so as to cover all the points of entry and exit on the Arabian Peninsula, and form an integrated air defense network to ensure the protection of Gulf airspace and to form an early warning system.

In order to clarify Omani thinking with respect to these proposals, the purpose of them is to distribute military responsibilities among the Gulf states, in such a way as to define for each state the role that it is required to play. The proposal to create a joint Gulf naval force, for example, does not mean establishing a new Gulf naval force from scratch, as much as it means gathering currently existing naval units of each nation into a joint naval force, under unified leadership, which would determine each nation's role in protecting specific parts of the Gulf, apart from supplementing existing naval shortfalls by purchasing new equipment to strengthen this naval force. Each state would bear a part of the shortfalls, so that creation of this force can be completed. Each state's naval units would remain under its authority within the joint command, and a joint strategic role.

With regard to forming a joint air defense network, the purpose is also to strengthen the already existing Gulf air defense networks, tie them together, and fill the gaps that exist by purchasing new equipment. A specific role would be defined for each state within an air defense strategy for the region. Moreover, with regard to the other military proposals which the Omani paper contains, military sovereignty over its armed forces is retained by each state, under a joint unified command umbrella, which would determine for each of the forces its Gulf role, as separate from its national role, within a unified Gulf defense strategy.

#### The Saudi Paper

In addition to the Omani paper, there was a Saudi security paper before the Gulf ministerial council in Ta'if. The council discussed the Saudi paper, which in its military section covered the same ground that the Omani paper dealt with, but it was radically different in its political section from the Omani concept.

The political disparity was clear between the Saudi and Omani papers. The Saudi paper stressed that its political priorities are for the Arab and Islamic issues, and accordingly, the GCC foreign policy must stem from the reality of its Arab and Islamic membership. The Omani paper raised a fundamental question: should GCC priorities be for Gulf issues or for the Middle East issue? Accordingly, the Gulf enemy must be clearly defined at this stage, i.e., a return to the list of political and military priorities, based on practical political and military coordination.

The Sultanate of Oman submitted comments on the Saudi paper. There were thus three papers before the council: the Omani paper, the Saudi paper, and the comments by Oman on the Saudi paper. The ministerial council agreed to coordinate between the three papers and to draw up a unified report, during the meetings of the second ministerial council, which it would submit to the second Gulf summit, in its capacity as the Supreme Council, for a decision on practical steps in that regard and to implement them.

When the discussion regarding political and military situations reached this point, Prince Sa'ud al-Faysal, in the name of Saudi Arabia, submitted a proposal inviting the chiefs of staffs of the Gulf states' armed forces to a meeting to discuss the development of these military and security proposals, provided that that be followed by another conference of the Gulf states' defense ministers, to which the chiefs of staff would report their concepts, so that in turn, the defense ministers could submit a detailed and practical report to the Gulf summit conference, where the Supreme Council could adopt the expected security and military decisions. All the



ministers approved the Saudi proposal without reservation. The ministerial council stressed the need for the meeting of the chiefs of staff and the defense ministers during the next few weeks, so that they would precede the date of the second Gulf summit to be held in Riyadh on 3 November. The Saudi proposal was considered the first practical step of its kind in the life of the Gulf states, just as the meeting of the chiefs of staff and the defense ministers is without precedent in Gulf history.

#### A Pipeline Outside of Hormuz

After the completion of the discussion regarding the security papers, and agreement was reached on inviting the military men to meet, Oman submitted a proposal to the ministerial council for an oil pipeline, passing through Omani territory, avoiding the Straits of Hormuz and the ports of the Arab Gulf, and flowing through the Arabian Sea directly to the Indian Ocean.

In its presentation of the proposal, Oman said that, since everyone feared the possibility of the closure of the Straits of Hormuz in the event of its being mined, it was necessary to consider an alternative to ensure the continuous delivery of oil to the world, without Hormuz being the only artery. Therefore, the Sultanate had prepared an exhaustive study regarding the building of a pipeline to pump oil from the Gulf countries to Oman's port on the Arabian Sea. This pipeline would begin on Kuwaiti territory, passing through Saudi territory to UAE territory and then to Oman. This line would be connected to another line carrying Qatari and Bahraini oil. The Sultanate has filed its study for this huge project with the council's secretariat general, so that it can be distributed to the members for the study. It is to be discussed at the next ministerial council, to be prepared for referral to a special conference of Gulf oil ministers, to be held later, for discussion and to adopt a decision in that regard.

The Omani study mentioned that some of the benefits of this project lie in the fact that it would negate the importance and sensitivity of the Straits of Hormuz, in the event of sabotage closing it or as a result of it being occupied, for example. It would create another source for marketing oil, other than the traditional sources, such as the present refineries and ports. It would also reduce the exorbitant insurance fees, which are levied on oil tankers, currently transiting the Gulf, on the basis that it is a war zone. In addition to that, this pipeline project would, to a great extent, reduce the hideous pollution problem from which the Gulf suffers.

It is true that this pipeline project would not be able to pump more than 10 million barrels a day, at a maximum, and 5 million barrels daily as a median. Consequently, it will not substitute for the current pumping and shipping operations, and it will not have the capacity for all their many potentialities. However, it would reduce the pressure on them, and would continue to be a permanent alternative for the continuation of the flow of oil to the consuming nations, no matter what convulsions occurred in the Gulf, i.e., under any circumstances, even though with reduced quantities, it would be a permanent guarantee that the flow of oil would not be cut off.

All the Gulf states welcomed this Omani project in principle, and Kuwait said that it had had a similar project, several years ago, to build a pipeline to transport



Kuwaiti oil to South Yemen through which the Aden refinery would have been supplied. However, this project was not implemented at that time, for many reasons, mostly political, along with the geographical difference that Kuwaiti oil would have been flowing into the Red Sea, which is an enclosed, confined area like the Gulf, whereas, in the Omani project, Arab oil would be flowing through the Arabian Sea to the Indian Ocean which is a vast area and difficult to blockade.

The fact is that Oman, in its plan, is offering an alternative to Hormuz and the Gulf. However, it would benefit from achieving it for many reasons, most importantly, that reducing the strategic importance of the Straits of Hormuz would automatically mean reducing the burden of its military defense, which would please the Sultanate greatly, and would also free it of other defensive matters. In addition, the Omani ports on the Arabian Sea would become the primary oil exporting ports. Moreover, the transit fees levied on oil passing through Omani territory would increase, and would strengthen the country's income. From the political, security and economic points of view, this pipeline project would be of great benefit to Oman, and would increase its strategic importance as much as it would bolster its economic situation.

The Iraqi-Iranian war has made the Omanis more apprehensive about defending the Straits of Hormuz and the water passageways of the Gulf. Since the first Omani plan to defend the Straits of Hormuz, which they submitted to the Gulf states in 1979, and which met with no response worth mentioning, calling on the oil exporting and consuming states to cooperate in buying advanced naval equipment, such as mine-sweepers and torpedo boats to reinforce Omani defensive capability, the internal situation in Iran has worsened and become chaotic. With this, the ability to negotiate with a central authority has diminished. Then came the seizure of the Danish ship carrying goods to Iraq by Iran, followed by the incident of the seizure of the Kuwaiti ship, which once again raised the fear that Iran, under some circumstance or other, so long as the war with Iraq continued outside its borders and its civil war continued inside, would resort to more ship seizures and would block navigation through the Straits, through mining them, in the event any nation resisted the Iranians in trying to protect their ships. Behind these fears lies the importance of the Omani pipeline project.

#### Suspension of Mediation between Oman and Aden

The discussion among the Gulf states' foreign ministers, meeting alone around the round table, then shifted to the mediation efforts between Oman and South Yemen, which the Musqat conference called for last March. It had begun as a tripartite effort among Saudi Arabia, Kuwait and the UAE, but it ended as bilateral between Kuwait and the UAE. Shaykh Sabah al-Ahmad, the Kuwaiti foreign minister, and Rashid 'Abdullah, the UAE minister of state for foreign affairs, undertook the latest effort in that regard last April, but it ended in failure. The decision was finally made to stop the mediation between the two countries, because of the council's conviction that South Yemen did not want these efforts to succeed and did not wish to reach a solution to settle its dispute with Oman. After 10 years of mediation attempts, under various aegis and in which Shaykh Sabah al-Ahmad has always played a fundamental role, this mediation was transferred to the council's secretariat general, due to the feeling that any possibility of future mediation must be through the secretariat general and not through an individual state. The burial of the mediation efforts between Musqat and Aden means two fundamental things:

1. An end to the traditionally neutral position taken by Kuwait, together with the UAE, between Oman and South Yemen, and consequently, the joining of Kuwait and the UAE to the Omani side as a part of their political alliance within the GCC.
2. An end to any special relationship by some GCC states with South Yemen, at the expense of its relations with Oman. Aden no longer has a specific familiarity through which it can influence the Gulf states, as it used to have with Kuwait and Abu Dhabi. Consequently, this is the first position of solidarity that the Gulf nations have taken among themselves in the history of the GCC, irrespective of their previous and relations with a specific country.

Stemming from this second decision, agreement was reached on stopping the economic assistance that some GCC states, including Saudi Arabia but primarily Kuwait and UAE, were giving to South Yemen. However, it was decided to continue the economic obligations that Kuwait and the UAE had previously pledged to build a public housing complex in South Yemen, but further economic assistance and GCC obligations to Aden will not be renewed. The decision to suspend the mediation efforts and stop economic assistance is tantamount to a victory for the Omani point of view, as well as being a victory for the first unified Gulf political and economic position with respect to any issue, especially an issue around which controversy and dispute has swirled for more than 10 years.

The first day of the 3 Ta'if Summit days ended, and there was laughter again on the faces of the six Gulf knights. Today, by an Arab measure, a giant step has been taken toward Gulf cooperation.

7005

CSO: 4404/25

AFGHAN REBELS ATTACK KABUL HOTEL

TA241538 London BBC World Service in English 1500 GMT 24 Nov 81

[From "Radio Newsreel"]

[Text] Western diplomatic reports in Delhi say that rebels in Afghanistan have made a rocket attack on the Intercontinental Hotel in Kabul. The attack is said to have taken place on Saturday, when delegates of the Afro-Asian People's Solidarity Organization was staying at the hotel, although they were not in the building at the time.

Our correspondent in Delhi Mark Tully has been monitoring reports and sent us this despatch, which we will read for you:

There is no estimate of damage or casualties but the blast from the rocket broke windows in houses near the hotel. Other explosions were also heard during the 4-day meeting of the solidarity organization. Radio Kabul led its bulletins for the reports of the organization's meeting, indicating that the government of President Babrak Karmal hopes it would demonstrate international support and so the situation in Kabul was under control. [sentence as heard] After the rocket attack on the Intercontinental, Soviet troops set up at least two road blocks and Soviet troops are seen patrolling the streets on foot. Normally Soviet troops are only involved in security at night and they usually patrol in armoured vehicles.

Outside Kabul, the diplomats report fighting in several different places. Soviet and Afghan troops have again been active in the areas around the town of Paghman only some 15 miles from the capital. But guerrillas are still reported to be able to move freely in the town by day or night.

Diplomats now confirm an earlier report that a helicopter was shot down in Parvan Province to the north of the capital earlier this month. They say that there are Soviet troop concentrations every 15 km along the keyroad from Kabul to the Salang Pass, which leads to the Soviet border.

A visitor from the city of Mazar-I-Sharif, the other side of the Salang Pass, and near the Soviet border, told diplomats guerrilla activities there had also increased. He confirmed an earlier report that an arms depot had been captured and 27 military personnel kidnapped.

CSO: 4600/138

ADVANCEMENTS IN SOCIAL, CONSUMER SERVICES REPORTED

University Registration

Kabul KABUL NEW TIMES in English 14 Nov 81 p 4

[Text]

KABUL, November 14 (Bakhtar).— Over 4,000 boys and girls from the 12th grade of the various Kabul city lycees took the university entrance examination yesterday.

A total of 2,700 boys and 1,400 girls from the Habib-ia, Speen Kalai, Ebne Seena, Rabea Balkhi, Shirshah Soori, Ariana, Aisha Durani, Amani, Kahman Baba, Khushal Khan, Manmoude Tarzi and Shahe Doshamshira lycees took the examination, conducted in the Kabul university, the Polytechnic institute and the Afghan Institute of Technology.

The president of the education department of the Higher and Vocational Education Ministry said that, due to the increase in students' admission to the uni-

versity, the examination is conducted in two stages. One of these was held yesterday and the other is scheduled for November 20.

In yesterday's examinations, 3,000 students in the field of science and 1,100 students in the field of social studies appeared.

The questions are of the multiple choice type.

The examinations were supervised by the Deputy Minister of Higher and Vocational Education, the Rector of the university and 380 university professors and an examination commission, comprising representatives of the Prime Ministry and ministries of Education, Higher and Vocational Education, Public Health, and Communications and the PDPA CC.

Firewood Supplies

Kabul KABUL NEW TIMES in English 14 Nov 81 p 3

[Text]

In the last one month, over 4,000 kharwars of fuel wood (each kharwar is 80

seers and each seer is seven kgs) have been distributed to the Kabul citizens.

At present, there are 72,000 residential houses in Kabul and the population of the Kabul city is estimated at over one million. As housing is a problem for the citizens, the supply and provision of essential commodities especially the fuel wood for all is worth study and consideration. The most pressing need is that of distribution of fuel wood for winter and checking and controlling its price.

Talking to the Kabul New Times on the distribution, price and amount of fuel wood, stored in various parts of the city, Kabul Mayor Eng Adena Sangeen said: "The Kabul Municipality, in pursuance of the progressive policy of the party and the popular Government, taking into view the financial means, has adopted necessary and positive measures to render public service as required of a municipality. It has already undertaken ambitious projects to solve gradually the housing problems in the city and the same is true about the ways and means to solve the problem of provision of essential commodities for the Kabul citizens."

The municipality has been aware of the shortage of fuel wood and the rise in its price. With Afs 8 million at its disposal, it began to procure fuel wood to be distributed to the citizens especially during the winter. It has also obtained an additional Afs 60 million as a bank loan for the procurement, and the operation continues.

Prior to the distribution,

said Eng Sangeen, one seer of fuel wood in Kabul market was sold for Afs 60 to 70 and now it is available at Afs 50 and even less at the open market.

With necessary authorisation from the concerned authorities, the municipality began to procure fuel wood in the first quarter of the current Afghan year. Continued purchase is being done since the beginning of Sunbula and efforts are on for purchase and storage of fuel wood in seven distribution centres in Kabul, he noted.

So far, the authorised purchasing body has procured over 10,000 kharwars, which are stored at the centres.

The procurement body, utilising the favourable conditions in the East Zone and with the cooperation and assistance of the party and Government employees, is purchasing every day a certain amount of fuel wood and transfers it to the centres.

#### TO BE NOTED

By the advent of winter, it had already begun distribution and sale of fuel wood from its 10,000 kharwars fuel wood already procured and stored. "Ought to be noted", said Eng Sangeen, "that some of the citizens have already procured their winter supply, and some are depending on electricity and petroleum and diesel stoves within the city and the people in the outskirts of Kabul are felling dry trees to be used for winter, which helps lessen the demand for fuel wood."

He added that all-sided evaluation studies show th-

at the consumption of fuel wood during winter in Kabul, excluding the Government and non-Government organisations, reaches 20,000 kharwars a year. Thus, the municipality has committed itself to supply the 20,000 kharwars fuel wood and to halve the per seer price.

The distribution is taking place under the supervision of an authorised body and each citizen can receive 50 seers at Afs. 30 per seer on presenting a document certifying their residence in Kabul. So far, over 4,000 kharwars have been sold and distributed through various sale outlets in the city. "The distribution will continue until the people's need in the city is fully met", Eng Sangeen affirmed.

The municipality has also felled a number of dry trees belonging to it and added it to the purchased fuel wood. The wood is sold at a subsidised price, he noted. Taking into view the shortage of power during winter when the water in the reservoirs subsides, the municipality has been prompt in supplying adequate amounts of fuel wood.

"If its financial position is strengthened, the municipality is a position to supply most of the essentials of the people in the city and thus contribute towards stabilisation of prices and checking the price-hikes", Eng Sangeen said.

To prevent the felling of trees and ensur a modern way of living for Kabul citizens, useful water supply projects, sewage, central heating networks as well as building of high-rise apartment houses with full



amenities and all modern facilities are planned in the Master Plan for Kabul.

He hoped that the people, like the party and Government authorities, will "help the municipality in carrying out the progressive projects aimed at serving the masses."

According to the personal

observation of the Kabul New Times reporter, an adequate supply of fuel wood is stored at the centres and the people receive the required amounts of wood in a regular and orderly manner under the supervision of a three-man body composed of the representative of the party precinct, the police and the municipality precinct.

### Bank Accounts

Kabul KABUL NEW TIMES in English 18 Nov 81 p 3

[Text]

Ghulam Dastagir, son of Abdul Ghyas the saving account holder no. 1569 of the Banke Milli Afghan City Branch has won the first prize of Afs 100,000 of the bank's 1350 raffle, held to the benefit of saving account holders.

Mohammad Hakim Arjumand, director general of the saving accounts department of the Banke Milli (Afghan National Bank), talking to the Kabul New Times reporter on this year's raffle and the number of saving accounts in the centre of the bank and its city branches during the Afghan year 1359 said: "Compared to the year 1358 there has been an increase of 5445 in the number of saving accounts, amounting to Afs 235,914,440,71. The marked increase in number of saving accounts is indicator of people's confidence and trust to the banking service in the country and improvement of quality of work.

In 1359, 53,458 accounts met the requirements to

be included in the raffle out of which 917 prizes were awarded to the account holders amounting to Afs 655,00. This included the saving accounts with the main office and its city branches. This system has been most instrumental in encouraging further the clients to open more saving accounts in the banks from which both the bank and the clients themselves will benefit.

The prizes allocated for the holders of the saving accounts for the 1359 were: Afs 100,000, one prize; Afs 50,000 one prize; Afs 20,000 one prize; Afs 10,000-two prizes; Afs 5,000 twelve prizes; Afs 1,000—180 prizes; Afs 500—270 prizes and Afs 200—450 prizes respectively.

Mohammad Hakim Arjumand said, an impressive achievement has been made during 1358 and 1359. Last year, the bank succeeded to open 5445 new saving accounts in its main office and its branches. This clearly show the effi-

ciency in the services of the bank and the hard work rendered by the bank employees.

In response to another question, Arjumand said that at the saving account holders who during the six months or during the whole year has in their accounts at least Afs 200 are entitled to enter the annual raffle and benefit from its prizes. Afs 100 is the minimum amount required for the opening a saving account and the bank pays 9 per cent interest to the saving account holders.

He added, against payment of Afs 100 the Saving Account Department will put at the disposal of the clients the saving account box, specially arranged for the children. This has proven useful for encouraging the children in saving.

Meanwhile, for the further encouragement of the clients the bank does not charge the clients for the saving account booklet.

He added, the Banke Mi-

The Afghan will soon celebrate its fifty years of service in the country. In the course of its existence as a leading bank in the country, it has widely served the people of the country. It has always tried to offer useful services and improve quality and efficiency in its services at local and foreign branches.

### Textile Productions

Kabul KABUL NEW TIMES in English 18 Nov 81 p 3

[Text] The Afghan Guzargah Textile Mill will soon start producing Shery textile pieces. With the victory of the Saur Revolution, especially its new phase, the workers and employees of the Mill has been making untiring efforts to augment the level of productions. Thus they are working hard and carrying out their duties with revolutionary spirit.

The Omid, Naway and thread spinning units, the three combined complex, began operation in 1957 under the private investment law. Following the death of late Sayyed Murtaza, the management of the Factory was handed over, by the Ministry of Mines and Industries, to the Afghan Textile Mills.

Talking to the reporter of the Kabul New Times on method of work, level of productions, number of skilled personnel and workers, Ghulam Muhaiuddin Azemi, president of the Afghan Guzargah Textile Mill said that the main production is rayon pieces which

very well compete, qualitywise, with similar imported product. However, for some time efforts are being made to produce a kind of textile piece called Shery which is of great demand at the local market.

The production capacity of the factory was planned to reach three million metres a year on the basis of 6,000 hours work. During the first six months of the current Afghan year 1,287,405 metres of textile is dyed which fell short of the plan target. Nearly 30 per cent of the workers of the factory have joined the army, resulting to reduction of working hours. Yet efforts are being made to make up for the fall in production through employment of new workers. At present some 6000 metres of textile is dyed daily.

The spinning section is one of the important components of the factory. All the machines are imported from the friendly Soviet Union. Previously the thread

on spool was imported which was uneconomical and time consuming. With the import and installation of the spinning plant, many difficulties were removed. Efforts are being made to make maximum use of the production capacity of spinning plant to meet the daily requirement of thread at the weaving plant, where there are modern machine imported from Japan.

The dyeing section is operating on two shifts at maximum production capacity. It can dye from seven to 10,000 metres of rayon in 24 hours. In the first six months of the current year 94 per cent of plan target was implemented.

The factory also has well equipped workshop which was expanded and renovated in 1979 and additional machinery was installed. Through renovation and installation of new and modern machinery now most of the spare parts are required.

The Guzargah Textile Mill has three boilers each

with the capacity of one ton of steam in one hour. The casting section also plays an important role in keeping the factory running as part of the spare parts which are not readily available are produced at this section. Orders are also accepted from time to time from other textile mills when they are in desperate needs for essential spare parts.

The whole factory has ventilation system which regulates the humidity and

temperatures of various sections as each section needs different percentage of humidity.

The Guzargah Textile Mill plans to sink a deep well in the future within the premises of the factory. A contract has already been signed with the Jangalak Factories in this regard. Because the water is now obtained from the shallow wells and during the summer due to shortage of water the factory faces some difficulties.

### Hospital Accommodations

Kabul KABUL NEW TIMES in English 19 Nov 81 p 3

[Text]

More than 160,840 patients have been examined and treated at the Ali Abad hospital during the first six months of the current year.

Stating the above in an interview with the Kabul News Times, Dr Haider Ali Shefa, president of the Ali Abad hospital, of the Public Health Ministry, said that the Government of the Democratic Republic of Afghanistan, as part of its efforts to serve the people and homeland, is providing facilities in various spheres to help our compatriots. To realise the aspirations of the glorious Saur Revolution, especially its new evolutionary phase, and to provide further facilities for the people the number of beds in the Ali Abad hospital is increased to 600 for the indoor patients. The tuberculosis and mental diseases patients are treated free of charge at the hospital.

He said that presently surgery, internal, mental diseases, sanatorium (for men), radiology, Cobalt-60, laboratories and emergency wards are active in the hospital and the number of the patients during the first six months of the current year in the surgery, internal diseases, mental diseases and the sanatorium were 4,767 and the patients of the emergency ward were 10,527 and 33,957 dressing have been carried out in the hospital.

Similarly, 92,287 laboratory tests, 4,620 radiography and 12,961 patients have been treated by the Cobalt-60.

The number of patients undergone surgery are 1,921. The patients excluding the emergency cases are usually introduced by the central polyclinic.

Dr Shefa added that after the victory of the new evolutionary phase of the

glorious Saur Revolution major changes were introduced in the hospital. On the proposal of the hospital the tuberculosis and mental ailments are treated free of charge. The internal ward was separated from the surgery and 100 beds were added to the surgery ward. Two automatic radiography machines equipped with all modern facilities were installed and started work in the radiology ward. The hematology and biochemical laboratories were equipped and presently the tests of the emergency patients, indoor patients and the students are carried out regularly.

Likewise the bacteriology laboratory was also equipped with modern facilities.

To better serve the compatriots we envisage construction of two new operation theatres equipped with modern facilities for the urology ward, increasing the number of the beds in the ward from 35 to 70 until the end of the current year.

Likewise, construction of a building equipped with isotope laboratory with a 120-bed capacity in the sphere of Cobalt therapy with the assistance of the friendly country Hungary and construction of a separate laboratory for the emergency ward of the internal and mental diseases, and surgery is also envisaged to be completed in the current year.

CSO: 4600/140

## AFGHANISTAN

### BRIEFS

SOVIETS 'CONCENTRATING' TROOPS--New Delhi, 24 Nov (AFP)--The Soviet military command in Afghanistan is concentrating troops every 15 kms (about 10 miles) on the road from Kabul to Salang Pass, Western diplomatic sources said here today. The sources, however, could not give any reason for the Soviet military maneuver. The Salang Pass connects the Afghan capital with the Soviet border. The sources said that cutting down of roadside trees and levelling of roadside buildings were continuing on the strategic road. There was, however, no independent confirmation of the troops concentration. [Text] [BK241723 Hong Kong AFP in English 1647 GMT 24 Nov 81]

KIDNAPPED SOVIET OFFICIAL'S APPEAL--A Soviet official held hostage by an Afghan rebel group is said to have appealed to President Brezhnev to speed up negotiations for his release. The official, Mr (Okim Riyuk), who is a senior adviser at the Soviet Embassy in Kabul, was kidnapped 2 months ago by the guerrillas who told a news conference in Peshawar that they want the release of prisoners held by the Kabul regime in exchange for the official's freedom. [Text] [TA300623 London BBC World Service in English 0600 GMT 30 Nov 81]

CSO: 4600/138



COPTS SAY TENSION RELAXED UNDER MUBARAK

Beirut MONDAY MORNING in English 16-22 Nov 81 pp 56-58

[Article by David Rogers]

[Text]

The pretty Coptic teenager shook her long, black hair and pointed to her skin-tight American jeans. "I wear what I want now. I feel safer," she said.

Although their Pope has been banished, Egypt's Christian Copts have emerged from the upheavals of the past six months more confident about their future in a Moslem land.

"It was a summer of fear, an autumn of near-disaster and now comes a winter of hope," was how a Coptic doctor summed up 1981 in an interview with the Reuter news agency.

The hope stems from a tough government crackdown on Moslem extremists and the repeated pledges by Egypt's new President, Hosni Mubarak, to stamp out violence and religious fanaticism.

"If Mr. Mubarak stands for law and order, I'm one thousand percent for Mr. Mubarak," said the wife of a Coptic businessman. "I was really frightened last summer."

She was referring to June's street clashes in the teeming Cairo slums of Zawya al-Hamra when Moslems and Copts battled for three days. Fourteen people were killed and Coptic homes and shops attacked.

The violence sent shivers through the Coptic community, who claim to be descendants of the Pharaohs but now make up little more than one-tenth of Egypt's 44 million population.

There had been occasional Moslem-Coptic clashes in the past but the ferocity and location of the Zawya al-Hamra fighting was new. It convinced many Copts they faced a major, long-term threat from the rising power of Moslem fundamentalism.

For the first time in living memory armed police were put on all Coptic churches — they are still there — but failed to stop a bomb attack on a Christian wedding, which killed three and left 56 people seriously injured.

Leaflets threatening to kill Christians were found. Some Copts talked of emigration and made gloomy analogies with the situation in Lebanon.

"You could feel the growing intolerance," said a housewife. "I remember being caught in a traffic jam and watching one of those bearded ones (fundamentalists) spit at a woman driver who had bare shoulders."

### CRITICISM

In private, some Copts voiced derision when the late President Anwar Sadat initially blamed left-wingers for the violence and were concerned that he waited weeks before moving against Moslem extremists.

Since Sadat's assassination by Moslem fanatics on October 6, the Egyptian government has accepted that his measures last September were a case of "too little, too late."

In some statements, there appears to be implied criticism that Sadat widened the net and rounded up hundreds of political critics along with religious extremists.

He also stripped the Coptic patriarch, Pope Shenouda, of temporal power and arrested eight bishops, 30 priests and 130 Coptic laymen. The action against the Christians was generally seen as an attempt to balance the far bigger crackdown on Moslem fundamentalists.

The patriarch, who had bad personal relations with Sadat, was accused by the late Egyptian leader of stirring up sectarian strife. The government said it no longer recognized him as head of the church and appointed a committee of five bishops to take his place.

According to church officials, the Coptic detainees have now been taken to a desert prison where they can pray together and the patriarchate is allowed to supply them with food.

The move is seen by the church as a significant relaxation and an omen for improved relations with the government, John el-Raheb, administrator of public, ecumenical and social services, told Reuter.

"We have also been encouraged by Mr. Mubarak's assurance that all the detainees found to be innocent will be released within two months."

### CONFIDENCE

Raheb says that a Coptic Cabinet minister, Albert Barsoum Salama, is now liaising between church and government and speaks of "a new confidence" in the Coptic community at large.

"The difference is that in the past the Moslem extremists used to be viewed as a threat to the Copts. Now they are seen as a threat to the state," he said.

Raheb says the Coptic detainees are being held in Wadi Natroun, an oasis halfway between Cairo and Alexandria, close to the monastery where Pope Shenouda has been banished by the government.

Pope Shenouda has not been allowed to receive visitors except for a few church bishops. Callers are turned away from the monastery, where 130 monks eke out a living tilling almost barren land.

The church still looks on him as its spiritual head and special prayers for the patriarch are being read. Each Sunday congregations throughout Egypt are told "The Pope is still the Pope."

### POPE

Eventually, Raheb says, the church hopes the government will revoke Sadat's action in withdrawing state recognition of Pope Shenouda.

Meanwhile, the committee of bishops is cooperating with the government. It now has only four members. The fifth, Bishop Samuel, was killed when Sadat's assassins sprayed bullets into the presidential stand at a military parade.

The bearded bishop, a popular figure regarded as a pillar of the church, was sitting two rows behind President Sadat at the time. A bullet passed through his thigh from right to left and he failed to revive after an operation.

"After all this turmoil, most Copts now feel a lot more secure," Raheb said.

Mubarak has described himself as a moderate Moslem and, unlike President Sadat, does not pay highly-publicized visits to the mosque every Friday.

"Mr. Mubarak owes the fundamentalist groups no favors at all," said a Coptic journalist. In the early 1970s, President Sadat lifted restrictions on the Moslem Brothers to help him counter leftist influence.

"Nobody will ever have to tell the new President about the danger posed by Moslem fanatics... That can only help us all," he added.●

CSO: 4500/62

## IRAN

### NEW PRESIDENT DISCUSSES CONDITIONS PREVAILING IN COUNTRY

Tehran ETTELA'AT in Persian 2 Nov 81 p 14

[Text] Hojjatoleslam Seyyed 'Ali Khameneh'i, president of the Islamic Republic of Iran, addressed the Moslem nation yesterday afternoon.

In one part of his speech, the president referred to the total unity of the people from the beginning of the victory of the revolution and said: The presense of the people on the scene and their awareness is evident when from 19 million voters nearly 17 million unanimously elect one person as president and I am proud of this responsibility. He added: I do not consider myself the president of the people. The president of our nation is this huge mass of people who have elected me as president.

In another part of his speech, concerning the issue of the war, the president said: The war is one of our most important concerns. Our Moslem nation knows very well why it was started and, to quote the imam, "Good will come of the event." Hojjatoleslam Khameneh'i added: This war could not force us to retreat even one step and we have put the enemy in a predicament in the true sense of the word. Our enemy truly regrets having started this war. By the grace of God, we are superior on all fronts. The president said: When in the beginning of the war the enemy advanced, it won a 60 km victory; but, when we pushed the enemy back km by km, victory was ours 60 times over.

The complete text of the president's message is as follows:

In the name of God the compassionate and the merciful. Greetings to all my dear compatriots, brothers, and sisters throughout the country.

Since Tir [22 Jun-22 Jul], when the so-called assassination attempt on me occurred, I have not had the opportunity to speak to you, compatriots, with a collected mind.

The president said: The day before 6 Tir [27 Jun] was a Friday, when I gave the sermon for the Friday prayer and made a speech. The next day, that incident occurred. It has been four months and a few days since that day, during which time I have only been able to give a few

short interviews and speak a little before the elections. This is the first time since you conferred on me this new responsibility that I have been able to speak about certain issues. Of course, during these few months, many events have occurred in our country, events each of which can be considered significant and important in the history of any nation--the collective martyrdom of a number of elected officials, the elected president and the prime minister of the people in a single incident, many events in the country which, of course, indicated a political current outside the country as well. Today, as I am speaking to you, I have a position and responsibilities that I did not have four months ago. Since you, the people, have given me this responsibility with your votes, I must thank you for the trust you have shown in me by electing me president and I must say that I am proud of this position and responsibility, because the responsibility of the president of a country on the move so bravely and distinctively, which is going through the greatest political, military, and economic circumstances, especially at this sensitive moment in the history of the nation, would make anyone proud. But, at the same time, I must make another point. I do not consider myself the president of this great republic. Our republic and the huge masses of our people who have chosen me as their president have many distinguished persons among them. There are so many pious, learned, scholarly, and distinguished persons--intellectually and spiritually--and men of action in your society. I do not consider myself the president of this great republic, a society where scholars, scientists, artists, speakers, poets, politicians, and intellectuals sacrifice their lives, where mothers and fathers have given their children, and where there are many other exceptional elements. This is the title that the Constitution has given me, but I consider myself the servant and the trustee of these people. You must know, my brothers and sisters throughout the country, that I consider myself a person you trust and in whom the republic has confidence. I hope to be able to do my duties in this position and with your trust.

#### The Present Conditions of the Country

I have a few words to say to you about the present conditions of the country. I believe the conditions under which the people elected me president, the political conditions of the country, are at their best. Never in our past history, including the nearly three years since the victory of the revolution, has our nation been in such a good political situation. In the next part of the president's message, we read: I will merely mention to you a few items that will indicate to you that our nation and country are in a very good political situation. First is the great presense of the people on the political scene and the change in the destiny of the country. Never before have our people been so consciously part of the scene. Today, the people are on the scene and their presense is a conscious one. Just take a look at the presidential elections, which took place nearly a month ago; you see that of 19 million people who have the



right to vote in the country, 17 million participated. In other words, all are of the same opinion, are united in one opinion. This is an extraordinary phenomenon in the history of our nation. It is true that we had a referendum for the Islamic Republic and that 99 percent of the people voted for an Islamic Republic; but we must also realize that at the same time, the various political factions did not dominate the country. The deviant political factions of the conciliators and the foreign powers of the liberals, the hypocrites, the opposing heathens, and the open belligerents were not at work in our country. Naturally, with the propaganda, the heat, and the enthusiasm of the beginning of the revolution the people would give their votes. But now, at a time when nearly three years have passed since our revolution, when the foreigners have worked so much on our people and so many deviant factions have been working to misguide the nation, first of all, the people participate so decisively in the presidential elections and then they vote for one person which they have favored and trusted, for whatever reason. This phenomenon is very significant. It speaks of the unity of the people, who act consciously. The second issue that proves my claim is the good political situation of the country. Today, the deviant factions, and even faces, have been exposed in our country. One of the important problems of the revolution is that the deviant groups grow in the society and become stronger, and some individuals are able to attract some of the people, rally behind some figures, and, by finding a place among the people, try to divide the people and ruin the revolution. Of course, our society has had such factions. There were those among our people who considered themselves in charge of everything in the revolution. In fact, they considered themselves the owners of the revolution and believed that the people, or a certain strata which bore the burden of the revolution and brought it to fruition, should stop interfering once victory had been achieved and should leave the scene so that they could rule. They could not accept that an individual from the oppressed class, the poor, deprived family without even an educational degree or a political past, or an individual from the clergy could be placed at the high levels of government. In the beginning of the revolution, these individuals were not even careful. They spoke out openly. Addressing the clergy, they said: You go to the mosques, do your studies and prayers, and let us do our work. When they would speak this way to the clergy, naturally, they would use a harsher tone in speaking to the masses of the people. They did not even consider them human beings. They were among those who tried to place themselves at the heart of this revolution. By pretending to side with the people, they tried to take charge of the people. There were many groups, figures, and movements in our society who were supported by international organizations. Some were supported by the Western superpower and some by the Eastern superpower. Had they had the opportunity in our society and had they not been exposed, they could have created a great danger for our revolution in the future. In most of the revolutions in the world, the danger and the deviant aspects have started from this point and the revolutionary forces

have been pushed aside by such individuals. Thus, the scene was prepared for them and through their peculiar propaganda and intrigues, they took over the revolution and misdirected it. In our society, this has existed. Today, you see that these movements and even particular figures from these movements have been exposed. Our people would not give one red cent for such individuals. In fact, this danger to the people has been eliminated. Those conciliatory groups who were ready to compromise with the United States and other super-powers in order to--in their own minds and as they claimed--protect the country, but in truth, in order to keep themselves in power, have been exposed.

Those groups who were trying at any price to find a place in the people's hearts while relying on the East or the West, have been exposed.

The hypocrites, the conciliators, the liberals, and the groups dependent on the East or the West have no credit in the eyes of the people. In other words, the people have recognized these individuals through the words of the imam, who is the truest expression of the revolution and who is personally the actual crystallization of the revolution. The imam himself, most decisively and openly, exposed the hypocrites, the liberals, the opposing groups, and the compromisers. Now, the imam's revolutionary line remains in the society. If, by the grace of God, this line is not disintegrated and is not inflicted with sluggishness, inactivity, and stagnation, it can move this country forward for many years. This is one of the characteristics of our time. Such a situation did not exist a few months ago.

#### Export of the Revolution

Another characteristic of our time and our era is the special present movement in which the recent presidency has taken place and in which, despite all the oppositions, our revolution has been exported abroad. You all remember that the imam said: "Do not say that revolution must be exported, say that our revolution must be exported." Of course, the vile hands of imperialistic policies and Zionist networks have tried to misinterpret this statement and have told our neighbors that the Iranian revolution intends to cause rebellion in their countries. But this was not the intent of the statement. The imam has frequently said that what is meant is that the culture and true spirit of the revolution, like the pleasant spring air, cannot be contained within walls; no line or border can keep it in; it passes through and is exported. There is no wall or door which can stop pleasant spring air or the scent of spring flowers. The revolution brings its pleasant scent to the noses of those who are eager. You see that in countries in the region who were followers of the United States, the Islamic revolution has shown its presense without the slightest interference from us.

In Egypt, Iraq, and other places, it is blossoming. Our message has reached other nations. I will speak of it in the section on foreign policy.

We became an issue throughout the world in international circles. Although they did not allow us for more than two years to have a foreign ministry, to revive our policy in international circles, today, this obstacle has been eliminated. The Western world, the Islamic and Eastern world, the world of the deprived and the oppressed, and the world of people of culture and civilization are becoming more or less familiar with our problems and goals and they are beginning to understand us. And in time, they will understand us. This is one of the characteristics that has created the distinguished political situation of today. Therefore, I must tell you that today, when you are at the threshold and near the end of the third year of the victory of the revolution, politically, we have a distinguished situation, in terms of both foreign and domestic policy as well as in terms of principles and foundations.

Mr Khameneh'i then added: With this introduction, I will now deal with a few of the nation's problems, because we might not have enough time to finish. What remains, I will leave for another time and, if I am alive, God willing, once in a while I will speak to you about the essential and important national issues, both on television as well as in international circles when the issues come up.

The issues I would like to address include the economy and the war, which are among the most essential of our problems, and foreign policy. These form the major part of our problems, about which I will speak. First, I will raise the issue of the war.

#### The Issue of the War

Today's war is, in fact, the most important issue. You have been told much about it. Today our nation knows why the war was started and why Iraq invaded us and they know what blessings this war has brought us.

As the imam has said, "Good has come of it." This war which has occurred has had some good in it. You know what the war has been in the past. I would like to explain a few points to you about the present and the future of the war. Firstly, this war was unable to make us dependent in the slightest way. In fact, we have been at war for 13 months, and with the passing of time, we have gained superiority on the battlefield for more than a year. We have put the enemy in a predicament in the true sense of the word. Today, our enemy regrets having started the war. We have purchased arms in the course of this period, but not as much as a country at war generally does.

Arms and ammunition are not things that one can be thrifty about. A country at war, for instance Iraq, spends billions in buying arms and is regularly supplied with arms and ammunition. We have purchased arms and ammunition, but we have not bought the arms or spent one hundredth of the money of a country at war. We have fought with what we had, with thrift and faith. Our children speak the truth when they say, "Our weapon is 'God is great' and we rely on God and have faith in God." In many cases, the support of the nation replaced the shortage of arms. We were able to use our arms which had been out of order. We were able to use outdated arms in place of modern arms. We have used modern arms better than they are usually used and we are presently doing so.

By employing the faithful human resources, we have been able to fill the gap caused by the lack of arms. Our spirits are constantly better than before. We should wipe away the effects of the harsh attacks inflicted in the beginning of the war to compensate for the vacuum and shortcomings. Today, on the battlefield, without becoming dependent on anyone and without spending much money compared to the enemy, we have not suffered many casualties and we have superiority on the battlefield. This is all by the grace of God. And it was the help of you people which made the military spirit rejoice and made it work. On the battlefields, on the front, behind the front, and in the cities close to the front, I have felt this. If it were not for the assistance of the people, our soldiers and guards would not be fighting thus. The spiritual and physical help of the people has been able to make them fight better and thusfar we are winning the war. Of course, you know that when the enemy attacked and took advantage of our negligence to advance 60 km, this was a victory for them. But, when we retake this 60 km, km by km, and make them retreat, this is, in fact, 60 victories for us. And these victories continue and will continue. The enemy has been driven totally out of the land in these regions. The future of the war belongs to us and we have no doubt about this. Today, the condition of our military and guard corps and the condition of our other fighting forces is much better than in the past. Of course, I recommend that our people consider the war as our top concern. If we end this war successfully and victoriously, the greater part of our economic and political problems will be solved. It is for this very reason that the enemy is resisting. It does not want to let us finish the war victoriously. Our major worldwide enemies aid the dependent regime of Iraq and do not let the war end. This is because if we are able to end the war victoriously, our problems will, God willing, be solved.

### The Economy

Now, concerning the national economy, I have proposed that the ministers of economy, industries and mines, and commerce and the authorities of the economic mobilization speak more to you. This, God willing, will be done. It is necessary for our people to know about



the economic problems of the country, which are, in actuality, a combination of difficulties and successes. But, before the ministers of economic affairs speak to you, I will tell you a little about the economy. First, you know that our economy, that is, the economy which we inherited from the past regime, had two characteristics. First, it was dependent on foreign powers; that is, everything, including machinery, industrial and agricultural tools, the raw materials for factories, various equipment for agricultural development, foodstuff, luxury items, clothing, etc., was imported from abroad. To quote a friend, the factory which produced something was a means for the consumption of a foreign company. Our baker who baked bread was, in fact, baking U.S. wheat in his kiln. In other words, on all levels, our economy was dependent; we were not self-sufficient. The second characteristic was that our national income was dependent on the oil industry. That is, in our exports, we relied for the most part on the oil industry, and we still do. You know that the largest customers for oil are those Western companies. In our country, the largest customers were the United States and Japan. Our country was under siege from both sides by the steel grip of the enemy, who could squeeze the jugular vein of our economy at any moment. This is the peculiar economy that we have inherited and is left for us from the past regime. Of course, in the past two or three years, much has been done to cut this dependency. We have turned off the oil faucets to some and we have reduced our production to a minimum. By reducing production, we have added to the life of our oil reserves and we have put emphasis on the domestic production of goods. Our agriculture has begun to thrive; our fields are green; and wheat and rice have been planted. This year, our rice production is one million tons and we have significant amounts of wheat compared to the past year. The nation felt that it should stand on its own feet. But this dependency has damaged us somewhat and the enemy has tried to take maximum advantage of this weakness of ours in order to put us under pressure. I must point out here that in the same way that the enemy had made a mistake in its calculations on the political and military fronts, considering us less powerful than we were and suffering the consequences of its miscalculation, on the economic front as well, it could not estimate the power of our people. It did not see in our people the power of revolution and faith. Perhaps if we had been another nation and the revolutionary conditions had not existed, the enemy could have succeeded. But our enemy has thusfar been unable to benefit from these pressures because the nation has resisted the enemy. The important point is that if our nation sees certain shortcomings in the economy of the society, for instance, high prices or, in certain cases, shortages or if they see unemployment in the society, they must know that these are the side effects of resistance. We could have chosen not to resist the United States. We could choose not to be obstinate in our belief in Islamic government in order to have an independent economy. All these shortcomings could have been immediately eliminated in the short term. But our situation and our dependence would be worse in the long run. The



Israelites at the time of the prophet Moses, when they left Egypt and wanted to resist the dictatorial regime of the Pharaoh, faced many difficulties along the way. They complained to their great prophet and, as the Koran says, they used to give a list of certain food items they demanded. Obviously, such items were not available there. There was God's solace and "manna," but there was not a variety of foods. Moses answered: If you want these, you should go back to Egypt and live under the same dictatorial conditions. Obviously, the Israelites did not want to give up this tolerable hardship for the violent hardship of living under the dictatorship. Our nation will never yield to pressure. It will, instead, stand up and will be victorious. We can be assured that with the resistance of our nation, within a period of less than two years, we can achieve a stable economy and make our society attain many of the goals we were shouting for in our slogans. At the present time, we are resisting and we are tolerating this difficulty. We are sure that victory will be ours. In order to strengthen our resistance even more, I believe that the government, the Majlis, and the nation must, in harmony, take a series of steps, which I will mention briefly.

Firstly, the Majlis must attempt to immediately define the activities of governmental, private, and cooperative sectors. It must determine how and to what extent economic activities are to take place in these sectors. It must quickly clarify and determine the banking system. The government must continue as rapidly as possible the just distribution system so that our existing foodstuff reaches all the people. The people must try to eliminate the consumer culture of the society and change it into a revolutionary culture. The forces which are engaged in the dependent sectors of the economy must be brought into the non-dependent sectors. We are not, by any means, asking the people to fast, but we want them to practice thrift in consumption, especially of items that make us more dependent on foreign countries. Of course, these brief recommendations and summaries must be further explained. God willing, I will explain them when I speak about foreign policy.

Hoping to see you soon.

9593

CSO: 4640/46

## IRAN

### GOVERNMENT PLANS TO REMAN MINISTRIES, OFFICES

#### New Employment Law Explained

Tehran KEYHAN in Persian 10 Nov 81 p 15

[Interview with Dr 'Abdollah Jasabi, director-general of the Organization for Administrative and Employment Affairs]

[Text] With the new employment law, an employee can enjoy a fair living.

The national employment law will be completely replaced by a new law based on Islamic values. This law will be characterized firstly by a decrease in the differences between minimum and maximum salaries; secondly, by a direct correspondence between salary increases and inflation; thirdly, by attention given to the issue of marriage and number of children supported by the employee; and, fourthly, by its regard for the level of expertise, competence, experience, and commitment, which will play an important and essential role in salary increases and benefits to employees. These issues were pointed out by Dr 'Abdollah Jasabi, director-general of the national Organization for Administrative and Employment Affairs [OAEA], in an interview with the economic service correspondent of KEYHAN.

Continuing his statements, Dr 'Abdollah Jasabi said: A new law concerning the welfare of government employees in a medium-term program has been drafted by the OAEA. This law should be implemented in three stages: (1) devising an Islamic value system, (2) devising supervisory guidelines for the bill or laws, and (3) devising articles and regulations. The first two stages and several portions of

the third have been completed. We hope to complete the remainder within three or four months. Of course, after the law has been drafted, its operational charters must also be prepared. In accordance with the wishes of the prime minister, we will try to send the laws part by part to the Cabinet in order to expedite its ratification.

In any case, we hope to complete this law and its operational charter in the next six months to a year. With the ratification of the new national employment law, all the laws and notes of the present articles will be put aside forever. It must be stated that in devising the Islamic training system and the principles governing the laws, Islamic experts and specialists have been consulted to ensure that we respond to the needs of our revolutionary Islamic society.

The director-general of the OAEA added: On the whole, the OAEA has three plans: a short-term, a medium-term, and a long-term plan. In the short-term plan, we have in mind to reform and change a series of existing articles and bills. For instance, the maximum retirement salary of those covered by the national employment law is 86,300 rials and there is still discrimination in some of the government institutions and companies which must be eliminated. Of course, it should be noted that the salaries of retired persons at the present time are low. This issue is being studied and if the government will allow, the salaries of retired persons will also be revised.

The second stage is to coordinate salaries and benefits in government offices, institutions, and companies so that two employees who have equal education and expertise in two different offices will enjoy equal salaries and benefits. The third stage consists of the reform of Article 14 of the employment law, determining the necessary requirements to enter official service and ensuring that employees believe in one of the religions officially recognized in the Constitution of the Islamic Republic. The fourth stage seeks to reform the Note to Article 74 of the employment law. In this legislative note, 10 years of early retirement are allowed government employees. We believe that capable persons who are able to work should not retire. The fifth stage is to change the legislative note to the 21 Mar 77-20 Mar 78 budget law and stop its implementation by the OAEA. In this note, 7.16 billion rials have been imposed annually on the national budget.

In the short term plan, changes have been included in the OAEA. These changes are in their final stages. This organization has begun this week to put into effect its new program. It has also reduced its personnel from 700 to 500.

Dr 'Abdollah Jasabi then referred to the third plan of the OAEA: The long-term plan of the OAEA includes planning the administrative system from the standpoint of the number of necessary ministries and organizations. This stage of the job must be accomplished with the

assistance of all the organizations and the entire government. For example, in order to organize the agricultural sector, the short-term, medium-term, and long-term policies of this sector must be determined. Therefore, in other sectors, including industry, money and banking, housing and city planning, education, services, etc., the same system must be implemented. For this reason, this part of the plan may span over many years and will depend on the work planned and the policies set in the organizations.

Concerning hiring personnel for government offices, the director-general of the OAEA said: Some of the government organizations, ministries, and others are permitted to hire their needed personnel upon the approval of the Cabinet. In this regard, the OAEA has asked the government offices and their affiliates to fill their personnel needs from the surplus in government organizations and offices in order to avoid placing a new financial burden on the shoulders of the government.

In conclusion, Dr 'Abdollah Jasabi added: It will be several months before the new national employment law is prepared and offered to the Majlis. I hope the salary chart which has been included in this law will provide a fair living for government employees. But the implementation of this chart depends on the financial ability of the government and its implementation might be postponed for some time, perhaps until the elimination of such difficulties as the imposed war.

#### Restoration Bill Discussed

Tehran KEYHAN in Persian 10 Nov 81 p 5

[Talk by Hojjatoleslam 'Abdolmajid Ma'adikhah, minister of guidance]

[Excerpts] The existence of bureaucratic red tape in departments is one of the major problems of organizations and institutions affiliated with the government.

Basic steps must be taken to establish a new system in departments.

The legislative bill to reman the ministries and government institutions was ratified by the Majlis some time ago. The organizational procedures for the restoration of offices and the determination of types of punishment by primary, high, and review committees have been outlined in this bill.

This bill has been offered to the Majlis to reman departments and educational and other institutions



and to purge individuals who have in some way prevented, in the past, or are preventing, at present, the establishment, growth, and expansion of the revolution and also individuals who are not suitable for governmental employment in the Islamic Republic.

This bill recognizes that restoring and Islamicizing the administrative system are vital issues. And the goal is that with the passage of this bill, the ministries and government institutions as well as educational centers will begin their activities as living and healthy organisms and that the committed, faithful employees who suffer from the present form of the departments will, in the course of doing their humane and social duties, be protected and will be able, with hope and cheerfulness, to continue their growth and development.

The legislative bill to reman the ministries and government institutions consists of 5 sections and 75 articles. Section 1 of this bill deals with the organization of restoration committees in each ministry, government institution, and municipality. Section 2 of this bill addresses crimes and misdemeanors, including political, military, financial, and administrative crimes and misdemeanors. Among the crimes since the establishment of the Islamic Republic which are addressed in Part B of this Section are: uprising against the Islamic Republic of Iran; participation in espionage organizations against the Islamic Republic or spying on behalf of foreigners or outlawed domestic groups; working for outlawed groups against the Islamic Republic of Iran; committing actions against the well-being of the Islamic Republic, such as spreading rumors, disruption, working too little, and illegal strikes, sit-ins, and demonstrations; smuggling arms and ammunition; and using the pen or expressing any kind of propaganda to weaken the Islamic Republic of Iran.

In Section 3 of this bill, in 11 items, all kinds of punishments have been dealt with. These punishments range from a written reprimand put in the person's file to termination of government service.

In Section 4 of this bill, the guidelines governing the restoration of manpower have been addressed and certain decisions have been made concerning the leaders of the previous regime, counterrevolutionaries, and traitors to the regime of the Islamic Republic. Among these, mention can be made of Part 2, Article 28, according to which membership in espionage organizations against the Islamic Republic, spying and intelligence gathering on behalf of foreign countries before or after the revolution, and obtaining information on behalf of domestic outlawed and deviant groups will result in permanent termination of government employment.

Section 5 is devoted to investigations and the authorizations of primary and review committees. Mention should be made of



Article 44, which states: "The punishment must be appropriate to the importance of the occupation; that is, the more important the position, the harsher the punishment."

In early summer of 1979, the historical decree of the imam concerning the purge on departments was issued. On the basis of this decree, the law of purges was devised and was ratified by the Revolutionary Council in December. On the basis of this bill, employees who have cooperated with SAVAK in the past or who were directors or otherwise in charge of security offices in departments and have, by some means, through their pens, speeches, or membership in the Rastakhiz Party, strengthened the tyrant's oppressive organization, are subject to various punishments. On the basis of this bill, the 5-member committee for purging each department was increased to 10 by the central office on purges and 3 others were appointed by the related minister.

The purging of departments was, in many cases, confronted with difficulties. In many cases, it has been observed that group issues and personal grudges have overshadowed the main issue. In mid-summer of 1980, the committee on purges announced that the OAEA had not yet been completely purged and that, thusfar, certain elements had prevented this department from being purged of SAVAK and tyrannical elements and the prosecutor was asked to dismiss and put on trial its supervisor.

In early fall of the same year, martyr Dr 'Abbaspur, the minister of energy, suggested at the seminar on purges that the name of this organization be changed to Crusade for Purges in order to enable individuals who are subjected to certain regulations to continue in other services in the society and the term "purging" would not prevent them from carrying on their social lives.

During this same time, we witnessed that the minister of guidance of the time closed down this ministry in order to make fundamental changes and to reman. Following this event, the restoration bill for remanning the ministries and government institutions was presented to the Majlis on 9 Feb 81.

We spoke with several people including government employees as well as the minister of guidance and the director-general of the OAEA in order to learn of their views concerning the problems and difficulties of remanning the departments, the fact that changes in departments must be fundamental, and the causes of some of the shortcomings and work slow-downs, etc.

#### Interview with the Minister of Guidance

Hojjatoleslam 'Abdolmajid Ma'adikhah, the minister of guidance, in an interview with us concerning the implementational process of the restoration bill and its obstacles and difficulties, says:

"In the restoration bill which was ratified by the Majlis, certain guidelines and conditions were anticipated for its operational charter which would require the writing of certain charters in the ministries and government institutions under the supervision of the minister and the director of that institution. The Cabinet, in order to coordinate the implementation of the bill, charged a number of the Cabinet members and the director and supervisor or the national OAEA with writing a single charter in order to enable us to coordinate the implementation of this important and significant bill with consideration for various views." Concerning whether difficulties will be encountered in implementing the ratified laws of this bill, the minister of guidance said: "Considering the relative agreement of the Cabinet members, it would seem that after a single charter has been written, no significant difficulty would exist for its implementation. But, what might cause disruption, more than anything else, in revolutionary bills is lack of coordination in their implementation. In this connection, attention to one essential point is necessary, because mysterious hands may begin to work to poison the atmosphere in the departments through certain underhanded actions. Therefore, we must keep alert for various actions in this regard lest in the name of concern for the revolution, actions are undertaken that would be totally contrary to the spirit of this bill."

What must be noted more than anything else in the restoration of departments is the views of employees towards the revolution and the goals of the Islamic Republic. Except for the rare cases of those guilty of high treason, others must be provided appropriate opportunities if they sincerely wish to serve the people and the revolution.

We think our people, with the exception of loyal, dependent servants, who are a minority in the society, consist of two groups: revolutionaries and potential revolutionaries. The authorities of the Islamic Republic are making an effort to uncover and identify the potential revolutionaries and give them a chance to reveal themselves. If we consider potential revolutionaries as non-revolutionary in the negative sense of the word, we will deprive a significant number of the people from growth. At the same time, we should deal openly and decisively with all of those who have not understood, under such favorable conditions, the great, revolutionary people of Iran and who intend to be negligent. We cannot continually deplete the treasury of the Moslems without obtaining positive results.

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# WEST BANKERS VOICE OBJECTIONS TO AUTONOMY PLAN

Jerusalem AL-SHA'B in Arabic 30, 31 Aug, 1 Sep 81

[30 Aug 81 pp 1, 6]

[Text] AL-SHA'B Continues Its Opinion Poll. It Is Not Possible To Accept Anything Other Than a Palestinian State.

Jerusalem--The Palestinian masses in the occupied West Bank and Gaza Strip continue to reject the declaration made by Sadat and Begin at the end of their talks in Alexandria. Their declaration was that they had agreed to resume talks concerning so-called "autonomy" for the inhabitants of the West Bank and the Gaza Strip. A large number of Palestinian figures and personalities have commented on this declaration and have reiterated their previous unswerving positions. These positions state that the autonomy plan does not concern them in any respect, and that they consider the autonomy plan to be a conspiracy directed against the hopes and aspirations of the Palestinian people who are striving to attain their legitimate rights--which have been established by the international community, as represented by the UN.

Moreover, AL-SHA'B interviewed a number of personalities in Jerusalem who talked about their present-day feelings about the matter and gave their opinions with regard to Sadat's and Begin's continual insistence on ignoring the voice of the Palestinian masses who are rejecting this autonomy plot.

Dr Amin al-Khatib, head of the Federation of Charity Associations in Jerusalem, said: "I do not believe that any plan for a solution to the Palestine problem which does not include the establishment of an independent Palestinian state in the territory of Palestine will be successful, no matter how skillfully its sponsors choose names for it and think up methods of attempting to convince us to accept it. We are quite confident that a people such as the Palestinian people, who have gone through great hardships and have become seasoned concerning all different types of plans and half-solutions, will not be able to accept or be content with any solution other than a Palestinian state."

"That which is called 'autonomy' or 'self-rule' is nothing more than a mere toy which Sadat has wanted to play with after sensing failure in both his domestic and foreign policies. The unrest which is going on inside Egypt is proof of this."

"We have the following to say to Sadat: 'The Palestinian people, inside the occupied territories, do not wish to have you speak or negotiate in their behalf. Give both yourself and us some peace and do not bother us with this whirlpool which is called "autonomy."'" Zalikhah Shihabi, the head of the Jerusalem Women's Federation, said: "Everything concerning autonomy--whether it be the autonomy talks, resumption of such talks, their cessation, or the breaking off of such talks altogether--does not concern us. The reason for this is that we know that it is merely a waste of time, and the objective of those who are calling for autonomy is to decrease the resentment of world public opinion against them, to attempt to outflank and encircle the PLO, and to flee from the truth which is shining as brightly as the sun. This truth is that the PLO is the only body authorized to discuss all matters which concern the Palestine question. All of us here agree that there should be an independent Palestinian state. Anything other than that will only meet with rejection and indifference on the part of the Palestinian people."

AL-SHA'B also interviewed some personalities in Jerusalem of various orientations and in various sectors [of the population], and they also firmly rejected autonomy. One of the persons interviewed by AL-SHA'B was a prominent merchant in the city who gave a derisive answer to the question which we put to him, which was: "What is your opinion about the autonomy plan which people are talking about?" He answered: "As for this autonomy, there is no human conscience in the world which would accept what they are offering us. How can you expect our people to accept it?" The superintendent of a secondary school said: "Any person who would want to talk about this proposed autonomy with any Palestinian who lives here under occupation is a person who is unaware of the course of events here and does not know the roots of this issue. During the last 14 years of occupation which we have lived through, we have come to know more than others know concerning what the Israelis are thinking about and what they want for us. This is why we have become immune to everything which is proposed and also immune to everything that will be proposed in the future."

In addition to today's article, AL-SHA'B will continue its poll of the opinions and points of view of our people concerning so-called "autonomy."

[31 Aug 81 pp 1, 5]

[Text] The People of the Hebron Uplands Say: "Our Palestinian People Reject 'Autonomy'."

Hebron--Numerous sectors of Palestinians in the Hebron uplands area--including al-Fawwar, Dura, Halhul, al-Zahiriya, and every other village and city in the area --have expressed their total rejection of so-called "autonomy" for the Palestinians. All of these sectors of people agreed that this autonomy is a consecration of Israeli military occupation and would confer legitimacy upon it.

Our correspondent in Hebron interviewed a number of people from the Hebron uplands area, and as a result of this we are publishing a number of their statements which constitute a total rejection of autonomy.

Mustafa 'Abd al-Nabi al-Natshah, deputy mayor of Hebron: "Autonomy is a continuation of military occupation, only with a mask over it." "Autonomy, which is tantamount to local rule, does not contain any of the elements of establishing an



independent state. It is a deception utilized in order to impose permanent occupation and would confer permanent legitimacy upon the military occupation. This is something which we totally reject."

Muhammad Musa 'Amru, mayor of Dura: "The autonomy which has been proposed is something that we totally reject. This proposed autonomy merely means another form of occupation and it does not grant the Palestinian people any of their rights. It constitutes rule of the Palestinians by annihilating some of them."

"As far as I am concerned, any solution which does not lead to giving the Palestinian people all of their legitimate rights completely is something which we reject."

Hijazi Mudiya, deputy mayor of Halhul: "We do not at all support autonomy because it does not grant the Palestinian people their rights. It merely means permanent occupation of our Palestinian land. For this reason we totally reject it."

Kamal Hassunah, an attorney: "Autonomy is usually granted to minority people, living among [majority] peoples, and is granted within a limited internal framework. It is not usually granted to an entire nation of people which has foundations and rights like all of the other peoples of the world. Autonomy does not grant even the most basic of human rights which are internationally recognized."

"UN supervision of the occupied territories for a limited period of time could constitute a step in the direction of having the Palestinian people achieve their aspirations and rights."

Dr 'Awni al-Saghir, member of the Hebron Municipal Council: "We have made our stand clear from the beginning. Our position is that we reject everything which conflicts with our natural right to exist and live in dignity as an independent and united people, and we reject everything which conflicts with our right to determine our own destiny and to establish our independent state in the territory of our nation."

Dr Muhammad Nasir al-Din, head of the Dentists' Union in the West Bank: "What is called 'autonomy' is a type of administrative self-rule which does not grant the Palestinian people their minimum rights, and for this reason we reject it."

The pharmacist 'Ali Ghazal al-Qawasimi, head of the Pharmacists' Union Subcommittee in Hebron: "Autonomy is totally rejected by our Palestinian Arab people both inside and outside the occupied territories because what is based on a falsehood is indeed a falsehood."

Dr Karam Nasir al-Din, head of the Hebron Red Crescent Association: "Autonomy is rejected by our Palestinian people because it does not achieve the hopes and aspirations of this people which has suffered so much from a cruel occupation. This people must attain its rights just as the other peoples of the world have done."

Al-Hajj 'Ali 'Ashur, member of the Hebron Municipality: "Autonomy is primarily a consecration of the occupation. Putting autonomy into effect would mean saving



Israel's reputation internationally. It would mean that the Palestinians would have self-rule inside Israel since the Israelis consider that the land [of the West Bank] is their land. The owners of the land would be Arabs of the land of Israel. In other words, the Arabs would not be the real owners of the land. Accepting autonomy would mean accepting Israeli domination of our country and of our land, and would give Israel the freedom to build settlements, confiscate land, and expel the land's inhabitants from it. In addition to this, it would mean polishing up the evil face of the occupation. The inhabitants of this country are its real owners who are both in the occupied territories and outside them. Whoever accepts or works toward putting into practice this autonomy will be tarnished as a traitor to his land and to his nation."

[1 Sep 81 pp 1, 5]

[Text] The People of Ramallah and al-Birah Reject So-Called "Autonomy."

Ramallah, al-Birah--The Palestinian people of the West Bank are continuing to express their disapproval and rejection of so-called "autonomy." They have described it as a creation of the occupation and a part of it. Still others have described it as having the objective of considering the Palestinian citizens in the occupied territories as being foreign inhabitants in Israeli territory.

AL-SHA'B's correspondent interviewed a number of people in Ramallah and al-Birah, and what follows is a number of their statements which totally reject autonomy.

Ibrahim al-Tawil, Mayor of al-Birah

Ibrahim al-Tawil, mayor of al-Birah, said: "Our people have not rejected autonomy for no reason. The rejection is based on the convictions of Palestinians living both inside and outside the occupied territories. What is called 'autonomy' is nothing more than a creation of the occupation and a part of it. Agreeing to this autonomy means conferring legitimacy upon the occupation."

Mr al-Tawil then asked: "What kind of autonomy is it that does not grant our Palestinian people their legitimate rights--people who, like any other people, are demanding to live in peace and tranquility?"

He added: "Autonomy, as the Israelis understand it, means withdrawing army patrols and leaving [military] camps and settlements all over the West Bank. Furthermore, Begin has threatened to open the doors of his jails if any of the autonomy officials think about establishing their own state."

"So what is this autonomy which is nothing more than another version of the occupation? What it is is the deception and misleading of world public opinion and the other peoples of the world."

Mr al-Tawil asserted that there are no people--and that there never will be people--who will participate in carrying out this step. He said that if there were any such mercenaries, they would not represent anybody and would not number even 1 person out of 10,000. He said that all [Palestinian] citizens reject this plan.

Dr Samir Katibah, Head of the West Bank Branch of the Doctors' Union

Dr Samir Katibah made the following comments: "I am not at all convinced that there are any serious fruitful efforts being made to solve the Palestine question. The only efforts being made are those which promote what the occupation authorities intend to impose, and what they intend to impose is the concept that the Arab citizens of the occupied areas should be considered to be foreigners in Israeli territory. Take the proposals made by Sadat, who is not entitled to speak in behalf of the Palestinians. Even these proposals, which do not even represent the minimum Palestinian demands, are not acceptable to the Israelis."

He added: "Any attempt to choose any of the various models presented as a solution to the Palestine question will certainly, sooner or later, meet with failure." Then he said: "I still remember the solution which was set up in 1947-48 by all the parties, with the exception of the Palestinians. We are still suffering from the complications brought on by this solution's failure. The reason that the solution failed was that it talked about the future of the Palestinian people without having representatives of the Palestinian people be present. For this reason, the result of this solution was wars and battles. What is happening right now is a repetition of what happened then, and consequently the problem will continue to exist, without any solution being found."

He added: "The only real solution is a radical solution which would grant all Palestinians the right to exist, to be free, to be sovereign [in their own land], to have self-determination, and to establish a Palestinian state--and this would allow the people who are concerned with this issue and who are entitled to have this right to exist without anyone exercising a trusteeship over them."

"An agreement such as this has the possibility of being permanent. Otherwise, what will happen is the establishment of agreements and the imposition of a status which might last for a few months or a few years, but then we would find someone demanding [a permanent solution]."

Mr Katibah went on to say: "If the person making this demand is the person who is entitled to the right, then he will not be affected by any repressive measures or difficulties which stand in his way when attempting to realize his hopes and objectives. In short, we want a solution which is really a just and permanent solution. And it is difficult to achieve such a solution without involving the legitimate representatives of the Palestinians."

Wasif (Shakukani), Head of the Association of Friends of the Community

Mr Wasif (Shakukani), head of the Association of Friends of the Community in al-Birah, had the following comments: "We totally reject autonomy. The approaches which are being pursued will not find any hearing nor will they find the slightest response [on our part]."

He went on to say: "Our people are firmly marching along with the PLO, and we will not accept any alternative to that of the Palestinians having a nation in their land, the land of their fathers, and the land of their forefathers." He added:

"Jerusalem, which was conquered by 'Amr [ibn al-'As] and was liberated by Saladin, will once again be liberated by the PLO. Any alternative type of leadership will be stillborn, and our leaders are known to everyone. No matter how hard these parasites try, they will never be an alternative to our legitimate leaders."

Then he went on to say: "In the end, our people will be triumphant."

'Izz al-Din al-'Iryan, Head of the Red Crescent Association in the West Bank and the Gaza Strip

'Izz al-Din al-'Iryan, head of the Central Committee of the Red Crescent Association in the West Bank and the Gaza Strip, said: "The Palestinian people have rejected what is called 'autonomy' because it was the creation of the Camp David agreements, which have been rejected by the Palestinian people. Since the general foundation has been rejected, this means that everything that branches out from it is also being rejected."

He added: "[This will be true] unless autonomy, as such, reaches the point of including the Palestinian people's minimum demands in terms of receiving their national rights and establishing their independent Palestinian state."

9468

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AMBASSADOR TO U.S. DISCUSSES JORDAN'S PEACE PRINCIPLES

Beirut MONDAY MORNING in Enblish No 492, 23-29 Nov 81 pp 38-40

[Article by Lydia Georgi]

[Text]

King Hussein of Jordan, in his talks with President Ronald Reagan, outlined three "specific principles upon which a lasting peace would depend," according to the Jordanian ambassador in Washington, Abdel-Hadi al-Majali.

In an interview with *Monday Morning* last week, Ambassador al-Majali said the three peace principles specified by King Hussein were:

- Israel's total withdrawal from all Arab territories occupied in 1967, including East Jerusalem.

- Recognition of the Palestinians' legitimate rights, including their right to self-determination and "the establishment of an independent state in Palestine if they so desire."

- "The right of all states in the area to live in peace and security."

The Jordanian ambassador said his government "views the proposed (Saudi) eight-point peace plan as entirely consistent with the above principles and as being similar to a position that Jordan has been advocating for many

years."

The Saudi plan, proposed by Crown Prince Fahd last August, includes the three Jordanian principles but goes beyond them and differs from them in some respects — notably in its unconditional call for the establishment of a Palestinian state "with Jerusalem as its capital" after a few months' transitional period during which the West Bank and Gaza would be under a U.N. mandate.

While neither the three principles advocated by Jordan nor Saudi Arabia's

eight principles make a direct reference to the role of the Palestine Liberation Organization, Crown Prince Fahd stated this month that "there is no peace without the Palestinian people and no Palestinian state without the PLO." King Hussein has meanwhile advocated simultane-

ous mutual recognition between Israel and the PLO and PLO involvement in the peace process.

#### PRINCIPLES

The Jordanian ambassador, in a statement sent to Beirut by telex in response to *Monday Morning's* questions, said: "In outlining to President Reagan and the top officials in his administration

the historical background of the Arab-Israeli conflict and the Palestinian problem in all its aspects, His Majesty (King Hussein) stressed that a solution must be based on internationally recognized principles, mainly the principle of the inadmissibility of the acquisition of territory by force.

"His Majesty outlined the specific principles upon which a lasting peace would depend:

"1. Total withdrawal of Israeli forces from all Arab territories occupied in June 1967, including Arab Jerusalem.

"2. Recognition of the legitimate rights of the Palestinian people, who are the core of the problem, including their right to self-determination and the establishment of an independent state in Palestine if they so desire.

"3. The right of all states in the area to live in peace and security."

The third principle, which is included in the Saudi peace plan, has been rejected by a number of Arab leaders, including the PLO, on the grounds that it implies recognition of Israel. "Jordan," Ambassador al-Majali said, "has since 1967 been constant in its adherence to the internationally accepted principles for the achievement of peace as outlined in United Nations resolutions, mainly the withdrawal of Israeli forces from the occupied Arab territories, the self-determination of the Palestinians, and the right of every state in the area to live in secure borders.

"Jordan views the proposed eight-point peace plan as entirely consistent with the above principles and as being similar to a position that Jordan has been advocating for many years."

Al-Majali, however, preferred not to provide a direct answer to a question on the position Jordan would take on the eight-point plan at this week's Arab summit conference in Fez, Morocco.



## Camp David

Confirming Jordan's rejection of the Egyptian-Israeli-American peace process, the ambassador said: "Regarding the Camp David accords, Jordan's position in rejecting them is very clear. It considers them a retreat from the internationally recognized principles covering the establishment of peace in the area."

But the ambassador did not answer a question on Jordan's attitude to Western Europe's proposed participation in the Sinai peace-keeping force, which several Arab countries have said would be an expression of support for the Camp David process.

Evaluating King Hussein's official visit to the U.S. earlier this month, Ambassador al-Majali said: "His Majesty's visit to the U.S. gave him the opportunity to discuss and clarify in detail with President Reagan and top officials of the new administration, Jordan's point of view regarding the achievement of a just and lasting peace in the Middle East."

"The King's visit must be considered timely, coming as it did at this period when the American administration is in the process of formulating its policies on the Middle East."

"The two leaders, during two lengthy meetings, held a frank, constructive and friendly dialogue. In speaking of

these meetings later that week, King Hussein said: "I found a mood that is different to that which I perceived in recent years, an awareness of the importance of developments in our part of the world, a determination to work together and hopefully to make a joint contribution eventually to the just, lasting peace we seek..."

### SOVIET

A controversial issue that hit the headlines during the Jordanian monarch's visit to Washington was Jordan's purchase of surface-to-air missiles from the Soviet Union. Reports from the U.S. at the time quoted a senior American official as saying that the deal, Jordan's first major weapons purchase

from the Soviet Union, "could clearly complicate our relationship" in the defense supply field.

The United States has been Jordan's principal military supplier for a long time, and the official did not specify how the Soviet-Jordanian deal might complicate this relationship, but international news agencies quoted observers as saying that "it could stir congressional concern over a possible new threat to Israel."

U.S.-Jordan commercial and government-to-government military sales planned for the current financial year are estimated at 175 million dollars.

The Jordanian ambassador in Washington told *Monday Morning* that Jordan's purchase of

arms from the Soviet Union "is consistent both with its right to defend itself against any aggression and with its policy of diversification in its military equipment."

Al-Majali noted that "His Majesty has made it clear that regardless of the source of the arms purchased, those armaments become Jordanian the minute they arrive in Jordan. We have been maintaining normal relations with the Soviet Union on an equal basis for a long period of time, and there are no conditions attached to the purchase of Soviet arms."

He added: "However, Jordan will continue to purchase arms from its traditional suppliers."●

## EFFORTS MADE TO MOVE ELECTIONS UP

London 8 DAYS in English No 46, 21 Nov 81 p 16

[Text]

LEBANON'S marble-lined presidential palace, on a hilltop overlooking Beirut, will be the goal over the next ten months for candidates in the republic's seventh presidential elections. But already moves are underway in Beirut to bring the elections forward from September 1982 to next April or May, a change which would, in the view of those championing it, cut some months off the elective mandate of the present incumbent, Elias Sarkis.

One member of the 99-seat parliament who favours such a move is Najah Wakim, an independent Nasserist representing a constituency in the capital. He told 8 Days that more than 50 per cent of the surviving 92 MPs favour tabling a motion in the house to bring the presidential race forward, though a constitutional motion like this would require a two-thirds majority.

A similar motion in the run-up to the previous presidential election succeeded in bringing polling forward to May 1976. But the president in power at that time, the seasoned northern war-lord Suleiman Franjeh, insisted on sitting out the full term of his mandate, despite an abortive military takeover aimed at forcing his resignation and many other moves against him.

Wakim says that the proposal to curtail Sarkis' mandate has been supported by MPs from the Lebanese National Movement (leftist), the northern Karami bloc and Franjeh's surviving bloc. More recently, it has gained the support of Speaker Kamel Asaad's supporters, but lost that of powerful Sunni leader Saeb Salam's bloc. The rightwing Lebanese Front, Wakim reports, is opposed to any attempt to bring the elections forward.

## RECENT DEVELOPMENTS IN HADDAD'S ENCLAVE DISCUSSED

London 8 DAYS in English No 46, 21 Nov 81 pp 16-17

[Article by Earleen Tatrol]

[Text]

SAAD HADDAD, the South Lebanon Christian who faces court-martial by the Lebanese army if he sets foot north of his Israeli-backed 'Free Lebanon' enclave, undeniably has a flair for the dramatic. In a three-day period this month, the man who beat Egyptian President Anwar Sadat to the punch in making peace with Israel announced his resignation, withdrew his resignation, said he was only 'considering' withdrawing it and then said he would withdraw it if certain 'conditions' were met.

Major Haddad was not saying publicly what these conditions were or who was supposed to meet them. Various theories were put forward, none one hundred per cent convincing. Some Beirut-based diplomats and other South Lebanon watchers suggested that his five-year rebellion against the Lebanese government and his collaboration with Israel against the Palestinians had left the man so physically exhausted and mentally frustrated that he simply wanted to step aside as satrap of the narrow border strip wedged between Israel and the buffer zone patrolled by the UN interim force in Lebanon (Unfil). These observers also pointed out that as long as the Israelis call the shots in 'Free Lebanon' it makes little difference who serves as the Lebanese commander.

Haddad has checked into Israeli hospitals for treatment several times in the past year, and those who have seen him recently say he looks far older than his 44 years. Israeli radio reported that Haddad was claiming there were 'elements' in his enclave which were trying to usurp control.

It is a measure of the tangled state of affairs that the quickest way for most people in Beirut to find out what Major Haddad has allegedly been saying is to tune into Israeli radio's Arabic and English broadcasts which were quoting 'The Voice of Hope', the radio station run by American Christian missionaries in Haddad's 'capital' of Marjayoun. (The Voice of Hope, which intersperses Bible readings with country-and-western songs, is not received in the Lebanese capital, 65 km away.)

The Israelis also suggested there were internal disputes in Haddad's enclave over priority given to repairing damages caused by the artillery of Palestinians and their Lebanese leftist allies.

Some Lebanese civilians, both Christian and Muslim, who periodically visit the enclave said there was some friction among the enclave's inhabitants — not just over repair work but also over the apportionment of decision-making on even the most local levels. While these sources stressed that they did not think this friction was strong enough to cause any major change in the status quo in the enclave, they did feel that the Christians who represent 40 per cent of the enclave's estimated 100,000 residents make nearly every decision which isn't made by the Israelis.

It is a sore point with Shiite Muslims who used to live in the area that Haddadland tends to be perceived internationally (when it is perceived at all) as the Christian enclave with a Christian militia. South Lebanon is the traditional homeland of many of the country's Shiites, a place where

Shiites and Maronite and Catholic Christians live next to each other in neighbouring villages and sometimes share the same village.

Some estimate that as many as half of Haddad's 2,000-strong militia are Shiite. Outside the enclave there have been periodic clashes this year between Shiites and members or supporters of the Palestinian-National Movement alliance — sometimes growing out of personal arguments, other times from the increasing impatience with the Palestinian-Israeli confrontation.

Lebanese travellers to Haddadland also said they detect some other undercurrents in the enclave which while not threatening upheaval, do indicate that the people of 'Free Lebanon' are not of one mind. These travellers suggested that there is an awareness in the enclave that sooner or later there may be a day of reckoning when people have to decide whether they are going to be

regarded as Lebanese or Israeli.

Another undercurrent, one Lebanese observer suggested, involves the Druze. Israeli Druze serve in the Israeli army, the only Muslim Arabs entrusted to do so, and Lebanese Druze in the Hasbaya area came under fire earlier this year when the guns in Haddadland turned on Palestinian bases around Hasbaya north of the enclave's eastern-most arm.

Major Haddad, in his on-again, off-again resignation statements, said he was 'cancelling the authority' of some of his militia officers in the east, again offering no public explanation. During and immediately after Major Haddad's resignation theatrics, visitors reported that the enclave seemed calm with no visible signs of tension. Unifil troops appeared to be on no special state of alert. The 24 July ceasefire between the Israelis and the Palestinians was still generally holding.

CSO: 4400/74

LEBANESE POUND DECLINING

Paris AN-NAHAR REPORT & MEMO in English No 46, 16 Nov 81 pp 1-2

[Article by Marwan Iskandar]

[Text]

In the past two months most European currencies have regained a significant proportion of the value they have lost in relation to the dollar on foreign exchange markets during the course of this year. By contrast, the Lebanese pound has continued to slide downwards in value despite heavy support from the Bank of Lebanon. Improvements in the exchange rate for the pound have been minor ones and have never exceeded 4 per cent over the past two months. Nonetheless, Lebanon's Finance Minister, although he is projecting that the government's expenditures will exceed budgeted revenues by 40 per cent, felt comfortable in saying that the Lebanese pound is still a relatively strong currency and is backed by substantial resources in foreign exchange and in gold.

It is certainly true that the Lebanese pound has strong backing from gold. This amounts to 9.8 million ounces and at today's values Lebanon's bullion holdings are sufficient to cover two years' imports and to settle the country's external debt as well. Insofar as its reserves are concerned, the Lebanese pound did not therefore need to have suffered the deterioration in value that it has done. But this brings us to the second element in determining the strength of the currency - the efficiency of the economy of which it is a part and the weight of public debt upon that economy. And on both these scores Lebanon has been carrying a heavy and increasing burden.

Productive efficiency in Lebanon today is hampered by power cuts, by low productivity and by rampant absenteeism. What is more, there is now virtually no support by one sector of the economy for other sectors because such support is dependent upon adequate infrastructure. Lebanese industrialists and traders are therefore charging their customers what the market will bear



in a given area and there are now significant differences in the prices for the same commodity in different parts of the country. This fragmentation of a single Lebanese market into hundreds of autonomous markets has seen its advantages being outweighed by disadvantages.

Banking is the only sector which seems to have continued to thrive in Lebanon despite current conditions, or perhaps because of these conditions. But while the banks have increased their resources by 22 per cent this year, this performance has been achieved because the value of deposits denominated in foreign currencies has increased substantially as a result of the depreciation of the Lebanese pound, the currency in which the overall figure for deposits is denominated. Moreover, the cost of living in the first nine months of 1981 attained a level that was 22 per cent higher than at the end of last year; when one considers the impact of increases in public sector salaries which were to be paid out in October with retroactive effect to the beginning of 1981, it is more than likely that inflation will rise by at least six per cent during the final quarter of the year. This means that salaries will need to be increased in the coming year by some 28 per cent, a figure which is very high in any circumstances and which cannot be borne in the context of prevalent conditions in Lebanon. Consequently, the Lebanese pound will in all likelihood plunge to the low LL5 to the dollar before many months have elapsed.

In addition to the factors noted above, one major element contributing to the downward slide of the pound will be the real cumulative deficit of the Lebanese Treasury. This deficit is stated officially to be LL 6.4 billion but is in fact closer to LL 12 billion. The difference between the two figures is mainly attributable to the cumulative deficits of the Fuel Compensation Fund. This exceeds LL 5 billion but it is never mentioned in official statistics. Even after the latest price increases for petroleum products (which will contribute to higher inflation), the Fund is facing a current deficit equal to LL 800 million a year. The interest charges on public loans denominated in Lebanese pounds are now running at a rate of 14.25 per cent and the low interest rates on loans in other currencies are having a bigger impact than it was originally estimated that they would have because the exchange value of the Lebanese pound has gone down significantly.

Even with improved security, this gloomy prospect cannot be turned around overnight. Treatment of these basic problems will have to be drastic and aim at over-compensation for the ills that have accumulated during the years of war and neglect. The only element in Lebanon which still contains promise is the individual Lebanese, but that individual has to have freedom of movement, security and enjoyment of life if he is to continue to contribute to his country's welfare as well as to his own. But at present, the havens of security and prosperity are to be found elsewhere and Lebanon's prospects seem sterile and depressing.

# DISCUSSIONS UNDERWAY TO REOPEN TRIPOLI OIL TERMINAL

Paris AN-NAHAR ARAB REPORT & MEMO in Enblish No 46, 16 Nov 81 p 11

[Article by Marwan Iskandar]

[Text]

Lebanon's Minister of Petroleum Mohammed Beydoun visited Iraq last weekend for talks which dealt ostensibly with obtaining supplies of crude oil. In fact, this newsletter has learned, the discussions will lead to an agreement being signed between Lebanon and Iraq to reopen the oil terminal at Tripoli to permit tankers to load Iraqi crude at this Mediterranean port.

In April 1978, Iraq halted deliveries through the old IPC pipeline which has its terminals at Tripoli in Lebanon and at Banias in Syria because of disagreements between Iraq and Syria over transit and loading fees. Political tensions between these two countries served to sharpen these differences. But while political discord persists to this day, it seems that the problems of transit dues and deliveries of Iraqi crude to Syria's refinery at Homs have been resolved.

An agreement to re-activate the Tripoli oil terminal would come at a highly critical moment for Lebanon. On the one hand, it would reduce the cost of crude oil delivered to Tripoli's refinery by at least \$1 per barrel. This is the surcharge imposed by Tapline on deliveries of Saudi crude to the refinery by small tankers from Tapline's terminal at Zahrani in southern Lebanon. Also, Lebanon would earn a transit and loading fee which could equal \$0.50 per barrel. If the full capacity

of the IPC pipeline were used, some 500,000 b/d of Iraqi crude would pass through Lebanon and this would provide Lebanon with \$46 million in income over a year in addition to the \$10 million that would be saved on the cost of crude for the Tripoli refinery.

Fuel prices in Lebanon were re-adjusted last month in order to reduce the deficit being incurred by the government because previous prices did not cover costs (*An-Nahar Arab Report & MEMO*, October 26). The deficit had been accumulating at a rate of \$400 million a year and the new price scale still leaves an annual shortfall of \$150 million. The flow of Iraqi oil to Tripoli could reduce this deficit by a maximum of \$56 million a year, but the reduction could be much lower depending on the rate of flow.

The new Iraqi price of \$34.90 per barrel for 36° API Kirkuk crude at Mediterranean ports provides buyers with crude of good qualities at convenient ports (Tripoli, Banias and Doryol in Turkey). A re-activation of deliveries to Syria and Lebanon would indicate full utilization of the Turkish pipeline. If, in turn, the IPC pipeline was used to its full capacity, this would mean that Iraq's exports from Mediterranean ports could equal 2.4 million b/d. This figure is not much below Iraq's exports of 3 million b/d in early 1980, before the war with Iran disrupted exports through the Gulf.

CSO: 4400/74

## SYNDICATED LOAN GETS MIXED RECEPTION

London 8 DAYS in English No 46, 21 Nov 81 p 48

[Article by Lionel Peters]

**[Text]** THE MARKET reception to the news that Libya is raising \$200m in the syndicated loan market was extremely warm. The terms of the loan are attractive — seven years at  $\frac{1}{2}$  per cent when compared with the  $\frac{3}{8}$ - $\frac{1}{2}$  per cent which Algeria's state oil and gas company Sonatrach is demanding for its debt renegotiation.

As one would expect, all those banks who are looking to extend their relationship with the borrower will want to be in on the loan, as will most of the Arab banks who lend in these markets. However, the reaction from several of the Bahrain branches of the major western banks was definitely cooler. Many rejected the offer telex on the grounds that they didn't like Libya as a credit risk and weren't enamoured of Tripoli's policies.

The full lead management group has now been formed. It consists of: Arab Banking Corporation, Arab Bank Limited, BAIL, Banque Européenne de Tokyo, Crédit Lyonnais, Gulf International Bank, KFTCIC, and UBAF in Paris. A second group of managers has also been completed, each underwriting \$15m apiece. They are: State Bank of India, CCF, Banco Arabe Espanol, Arab Bank for Investment and Foreign Trade, Banque Intercontinentale Arabe, Arab International Bank in Cairo and Arab Latin American Bank in Lima, Peru. With the management group now completed, the loan is in general syndication. Already the Eastern bloc banks are considering participating in the loan: Moscow Narodny will definitely be involved.

The French banks are also keen to par-

ticipate, as they always are in Arab deals, while the Americans and the British will be notable by their absence. The American banks closely follow US foreign policy in their lending; when the Russians invaded Afghanistan, the American banks deliberately stayed out of Eastern bloc loans (with the exception of Yugoslavian ventures).

Using Arab Banking Corporation (ABC) as the major lead manager was an obvious choice for the Libyans. ABC is perhaps the most aggressive Arab bank in the markets today, and has rapidly built up a considerable network of banking contacts. Furthermore, ABC does have the distinct advantage of numbering the Libyan government as one of its shareholders.

Elsewhere in the markets, the Arab banks have again been active. KFTCIC and the National Bank of Kuwait are currently arranging a \$35m credit for the Central Bank of Turkey, to finance oil shipments from Iraq. The facility carries a spread of 1 per cent over Libor for a period of six months. The lead managers are arranging a wide syndication for the loan and are paying  $\frac{1}{16}$  per cent for \$1-2m,  $\frac{1}{8}$  per cent for \$3-4m and  $\frac{3}{16}$  per cent for \$5m-plus. It is the second loan for the Central Bank of Turkey this year: in July it borrowed \$100m from an all-Arab bank syndicate lead managed by the Libyan Arab Foreign Bank with the Arab Turkish Bank as agent. The maturity was one year and the spread was split at 1 per cent above Libor for the first six months, rising to  $1\frac{1}{4}$  per cent for the remaining six months. Again, the proceeds were to finance essential imports.

The rush of guarantee facilities doesn't

seem to be slowing. National Commercial Bank of Saudi Arabia has arranged a facility for Saudi riyals 86m (\$25m) to Edok SA-Eter SA. Managers were Saudi British Bank and Saudi Cairo Bank. Co-managers were Al Bahrain Arab African Bank. Al Saudi Bank, European Arab Bank. Participants were Union de Banques Arabes et Francaises.

This facility is just one of several that NCB has arranged this year. It has also been an active co-lead manager in several non-Arab loans, most recently as a co-lead manager in the \$200m facility to Banco de Chile.

The final amount of the facility to the Federation of Malaya has been raised from \$650m to \$700m. Despite the fine pricing, the syndication received a very good reception in all the major financing centres. Apart from the 17 co-lead managers there are 11 managers, eight co-managers and 17 participants. These 24 banks come from a widespread geographical area, reflecting the overall appeal of the credit. If the documentation is completed without too many problems then signing will take place in Kuala Lumpur on 13 November.

In the eurobond market, the World Bank has issued bonds totalling Kuwaiti dinars 30m (\$106m). The maturity is 10 years.

CSO: 4500/64

## BRIEFS

SOPHISTICATED NAVAL DEVELOPMENT--Paris, November 7--The "spectacular" development of Libya's Navy "modifies somewhat the strategic situation in the Mediterranean", according to the 1982 edition of the French naval yearbook *Flottes de Combat* (Combat Fleets). The yearbook said that Libyan leader Moamer Kadhafi had acquired or ordered "very sophisticated" warships from abroad. Beyond four Wadi M'Ragh-type missile-launching gunboats constructed in Italy and delivered in 1980 and 1981, the Libyan Navy had obtained a fourth Fox Trot submarine and two Soviet Natya minesweepers. Libya had also ordered 10 Combattante II missile-launching patrol boats from France, but delivery was postponed by the French Government. The yearbook said that Tripoli might also shortly receive two Koni frigates and four Soviet Nanushka II missile-launching gunboats. The author expressed doubt over the ability of Libyan personnel to operate and maintain the vessels "without permanent outside aid". Combattante patrol boats have already been bought by West Germany (20), Iran (12), Greece (10), and Nigeria, Qatar and Tunisia (three each). They are armed with Harpoon, Otomat or Exocet MM38 self-directing missiles capable of hitting maritime targets 40-100 km (24-60 miles) away. [Paris AFRICA AFP in English 10 Nov 81 p 16]

TRIPOLI'S IRE--On learning that Egypt's first industrial complex for the manufacture of armored vehicles and cannons, inaugurated in December 1980, is equipped largely with machine tools purchased in Czechoslovakia and the GDR, Tripoli has demanded an explanation from both these countries. [Text] [Paris LE POINT in French 23 Nov 81 p 72]

CSO: 4519/52



## MAURITANIA

### INTERVIEW WITH MOHAMED KHOUNA OULD HAIDALLA

Dakar AFRIQUE TRIBUNE in French Oct 81 pp 4,6

[Interview conducted by Ibrahima Signate: "Haidallah: 'Mauritania is not a satellite. It makes its own sovereign decisions based on its own interests and situation'"<sup>1</sup>]

[Text] [Question] The resolution on the Sahara passed at the OAU summit meeting in Nairobi had triggered a great deal of hope. Today, it appears that the two involved parties, i.e., Morocco and the Polisario, do not share the same concept regarding the referendum as decided by the African organization and accepted by King Hassan II. Could you tell us what is Mauritania's concept of the referendum and of the role which the committee for its implementation should play?

[Answer] The fact that the Polisario and Morocco do not interpret the resolution in the same manner is not astonishing. A revolutionary movement which is fighting to regain its fatherland and a monarchy which considers itself the mother country would be unlikely to have converging viewpoints on problems.

As to our own view regarding the referendum, I had presented it clearly in Nairobi at the OAU summit meeting last June. Our suggestions, which were used as a basis for the adopted resolution, were the following:

1. Immediate and solemn declaration by the three states bordering on the Sahara and the Polisario Front on their willingness to collaborate in the organization of a self-determination referendum supervised by a neutral authority and under United Nations and OAU control.
2. A solemn pledge by the three countries and the Polisario Front to respect scrupulously the free will expressed by the Sahraoui people and the integrity of their national territory as it was under Spanish colonial rule in accordance with the stipulations of Resolution 1514 of the United Nations General Assembly.
3. Appointment of an interim neutral administration which would immediately make contact with the protagonists in the conflict (Morocco-Polisario Front) for the implementation of the measures necessary for the consultation, and which are the following:

- 
1. Interview granted before the meeting of the Committee on the Implementation of the Sahara Referendum in Nairobi.

Immediate cease fire;

Withdrawal of forces from some points to be determined and their replacement by neutral elements;

Supervision of administration activities in the Sahara by the neutral interim administration.

It is still our belief that positive results can be achieved by honoring the spirit and the letter of the resolution.

As to the ad hoc committee, its role is clear. Together with the parties to the conflict, the committee must formulate the practical steps leading to a cease fire and a referendum.

[Question] Mauritania is perfectly familiar with the case of the Western Sahara, as you pointed out in Nairobi. What is therefore your position on the controversial problem of the Sahraouis who must participate in this referendum? Are you satisfied with the solution according to which the lists drawn up by the former Spanish administration were to be used for this purpose? If not, what would you suggest?

[Answer] In a country in which the great majority of the population is nomad and survives by moving its cattle over long distances, it is unquestionable that the results of any census are likely to be doubtful. We are facing this type of problem even within our own country. To this you must add the fact that the populations traditionally dislike to be counted and registered for one reason or another.

All of these factors lead me to believe that the results of the last census taken by the former colonial power is somewhat unrealistic. However, I think that it offers a very good base.

[Question] Has the resumption of diplomatic relations between Morocco and Libya been one of the elements which has made the normalizing of relations between Morocco and Mauritania possible? How is the resumption of relations between Rabat and Nouakchott manifested in specific terms?

[Answer] Mauritania is not a satellite. It makes its fully sovereign decisions in accordance with its own interests and situation.

Mauritania maintained diplomatic and other quite good relations with Morocco at the height of the crisis in Moroccan-Libyan relations.

We broke our diplomatic relations with Morocco in the aftermath of the attempted coup organized by Morocco against our country last 16 March.

Recently, we made the decision to resume such diplomatic relations and are working to that end.

However, our country insists on the organization of such relations on a new basis whose main characteristics will be sincerity, mutual respect, noninterference in

domestic affairs and respect for the borders drawn up by the colonial powers. Furthermore, we believe in the integrity of the Taif agreement, which must be applied as is.

[Question] Can the Mauritanian opponents of the AMD, who were traditionally supported by Morocco, rejoin the national community? If yes, under what conditions?

[Answer] Mauritania has never shut its doors to its citizens. Anyone who considers himself a Mauritanian could return home. His fate will depend exclusively on his behavior toward his country's institutions. Those who have violated such institutions will be penalized by the law; conversely, those who have done nothing wrong have nothing to fear.

[Question] Your relations with Senegal have improved considerably of late. How do you assess them?

[Answer] We have excellent relations with Senegal. They have been strengthened indeed of late thanks to the proper steps taken after our brother and friend Abdou Diouf came to power. I have great faith in the future development of our already cloudless relations.

[Question] The reasons and purposes of the latest political changes in Mauritania (stay of the process of return to a civilian system, strong reappearance of the military in the government) have not always been clearly understood by foreign public opinion. Could you provide us with some explanations?

[Answer] The resumption of the power by the military last April does not, in my view, represent a step back but rather a necessary tactical maneuver. After the attempted 16 March coup our country was threatened from the outside. Therefore, it became necessary to remove the threat of its destabilization in order to be able to face the experience of true democracy with calm and serenity. Mauritania has chosen a democratic future based on political pluralism.

[Question] Has the possibility of establishing a civilian regime been eliminated forever?

[Answer] A civilian regime will be henceforth based on elections after the democratic institutions have been organized.

[Question] When you acceded to power you undertook two major projects: elimination of slavery and a just solution of the cultural problem (the problem of national languages). How far have you gone in their implementation? What were the obstacles you faced? Has progress been made in the land reform?

[Answer] Regarding the elimination of slavery and the cultural problem, the moment they came to power the national armed forces took urgent measures to provide a just and definitive solution to these problems by favoring a balance and the blossoming of Mauritanian society.

It was thus that, as far as the linguistic problem was concerned, we voted in favor of cultural independence. Let us emphasize at this point that actually the contradiction exists not on the level of our national languages but rather between the national languages, on the one hand, and the language of the colonizer, on the other.

The 1979 decision of the National Salvation Military Committee stipulates that our languages will be introduced in our educational system starting with 1986.

Numerous obstacles have had to be faced. In addition to those of a technical and material nature (transcribing, curriculae, development of teaching methods, etc.), we could mention the opposition shown by some of our cadres trained in the French language, who support the teaching of the French language on the same level as Arabic.

As to slavery, you realize that this is an anachronistic and inhuman practice at the end of the 20th century. Therefore, the suppression of this regressive social system was necessary both on the political and religious levels. Consequently, the decision to abolish slavery was made and we formulated a number of proper steps which would ensure its success. In particular, this involves the implementation of an agrarian reform.

As one may suspect, this project faces major obstacles: there is a sterile conflict between landowners who would like to keep their huge estates and the landless peasants who are sometimes goaded by some politicians.

It goes without saying that intensive psychological preparations must be made for the landowners to agree to surrender some of their privileges, on the one hand, and to distribute the land among the peasants in an orderly and smooth fashion, on the other.

[Question] Eventually, are you planning to set up a political movement to guide the masses with a view to achieving your objectives?

[Answer] We are indeed considering the development of a structure for the guidance of our people. It will not be a political party in the sense that its purpose will not be either the assumption or preservation of power. Political parties will be established and will compete among themselves at the proper time. For the time being, it is necessary to develop a structure related to the masses which will explain and support recovery efforts undertaken by the armed forces and eliminate the political vacuum within the masses, a vacuum which special interests sometimes try to fill, thus facilitating foreign influences.

[Question] Speaking of the economy, could you describe to us difficulties and the progress achieved in the implementation of the economic development plan?

[Answer] As you know, on 10 July 1978 the armed forces faced a catastrophic economic situation caused not only by the combined effects of the war in the Sahara, a long drought and the burden of a global inflation, but also by the consequences of 20 years of poor management. That is why a real economic development plan was drafted. Appreciable results have been achieved: reduction of the budgetary deficit, reorganization of foreign indebtedness, improvement of state-owned companies, redynamizing of the administration, etc. Naturally, a great deal remains to be done. That is why last April the government formulated an action plan which updates the development plan and which, we hope, will enable us to face effectively the various economic and social problems we face until the imminent promulgation of the fourth economic development plan.

[Question] Mauritania ascribes great importance to the OMVS [Senegal River Development Organization] plan which is currently the target of a heated international campaign. What is the Mauritanian government's reaction to this campaign?

[Answer] In accordance with its principles, Mauritania has always attached great importance to regional or subregional agencies whose main purpose is to coordinate efforts with a view to the economic and social development of member states.

It is in this spirit, therefore, that Mauritania is continuing to ascribe great importance to the OMVS project which, to my knowledge, has never been truly the target of a heated international campaign. Naturally, there have been reservations expressed on the part of some newspapers and financing agencies as to its profitability, its ecological efforts and mainly the ability of member states to maintain the pace of this project.

To this effect, I believe that the OMVS high commission, which has had a number of studies made on this project, has dropped its reservations, having seen that the positive aspects are far superior to the negative.

In any case, 85 percent of the financing stipulated in the project has been made available. The damming of the Diama will be undertaken in November or December; several months later the damming of the Manantali will be undertaken.

[Question] One final question. Generally speaking, what is your reaction to the accession to power of the socialists in France? In particular, do you consider that the new French government is properly placed to play a useful mediation role between Morocco and the Polisario Front, as suggested by a Sahraoui official?

[Answer] We welcomed the assumption of power by the socialists in France. Mauritania and France have maintained traditional cooperation relations and we would like to see this cooperation developed even further with the new socialist government.

As to the role which France could play in the Saharan conflict, I believe that with the good relations it is maintaining with all concerned parties, it is possible and entirely desirable for France to play a positive and determining role in the settlement of this conflict.

5157

CSO: 4519/29



## ECONOMIC SETBACK OUTLINED

London 8 DAYS in English No 46, 21 Nov 81 pp 22-23

[Text]

WHILE Morocco seems to be poised at last for a breakthrough in the Sahara conflict, the country's economy has suddenly taken a grave turn for the worse. Morocco has just suffered its worst drought for 35 years, is faced with a skyrocketing import bill and is scrambling for some way to bridge the widening trade deficit. This sudden deterioration in its economic health coincides ominously with the launch of its new five-year economic recovery plan.

Investment of dirhams 110bn (about \$20bn) under the plan lays emphasis on industrial revival, rural development and a reduction in food and energy imports. Stress on import substitution involves an expansion of farm production, especially cultivation of sugar cane, cereals, edible oilseeds, citrus fruits and fresh vegetables. The plan also wants to promote small and medium-sized industries to manufacture domestic hardware consumer goods, electric components, ready-made clothing for local markets and export, and motor vehicle parts. New light industrial development is to be diverted from the main Mohammedia-Casablanca axis to generate employment in the provinces and the countryside with small, labour-intensive industry.

The emphasis on ironing out social and geographical disparities is timely. Consciousness of economic deprivation was largely responsible for the outbreak of serious rioting in Casablanca last June, resulting in many deaths at the hands of the paramilitary police (637 casualties according to the opposition parties; 67 according to the government). The riots followed a general strike and were sparked off by the removal of food subsidies at the behest of the

There is not a great deal the country's economic managers can do at present to avert a catastrophe, apart from drawing up planning blueprints. The government's economic experts in Rabat know that a revival of business depends more than anything else on plenty of rain. Moroccans anxiously watch the heavy, leaden skies, but so far there has been no significant downpour. As one government economist put it, gloomily reflecting the weather: 'The economy simply cannot stand a third year of drought.'

It is impossible to predict what the weather will do in 1982. But unless next year's harvest is a good one, it will be difficult to contemplate cutting back on food imports as hoped. Similarly, although the government is pledged to an oil self-sufficiency programme based on the development of indigenous shale rock, this is unlikely to make any impact for a decade. So there is no immediate prospect of cutting back on energy imports either.

The lip-service paid in the past to ironing out social inequality has resulted in little concrete achievement. In a comprehensive report on the economy three years ago, the World Bank said inequality in the country was increasing. About forty per cent of the population is reckoned to be below the poverty line (drawn at an annual income of \$2,000).

Life for the average Moroccan has become increasingly difficult. Although as a result of food riots, the subsidies on essential foodstuffs have been partly restored, food costs have still risen substantially. Foreign observers call big cities such as Casablanca political tinder boxes, their huge shanty town populations, constantly swollen by rural newcomers, ready to

explode at any provocation.

Only about a quarter of children go to school, and less than half the adult population can find jobs. Idle children and teenagers swarm the streets. The living conditions of the poor are indescribably squalid.

Western diplomats in Rabat are afraid that economic desperation and the pent-up frustration of the poor will almost certainly vent itself in more violent rioting. Last week, King Hassan orchestrated a cabinet reshuffle which weeded out former ministers of doubtful loyalty. But playing a parliamentary game is irrelevant to the country's problems. As one diplomat put it:

After all, the government has made few real changes. Its only response to the Casablanca riots was increased repression. Murdering hundreds on the streets may cow people for a while, but if conditions continue to degenerate they will go on the rampage again. Next time, I expect even more bloodshed.

One indication of how severe conditions have become was the king's televised instruction to desist from the customary slaughter of sheep for the traditional Eid el-Kebir feast marking the end of Ramadan. It is the first time since independence in 1956 that such a request has had to be made. King Hassan explained to his audience that with livestock herds already depleted by 30 per cent, further slaughter would virtually wipe out the country's sheep population for the future. Shortage of fodder has already forced farmers to kill off an unprecedented number of animals.

The drought also took its toll of the grain harvest. According to Abdul Latif Ghissassi, the minister of agriculture and agrarian reform, this year's grain harvest was only half the normal 4m tonnes. He estimated that this year's imports would have to amount to 3.5m tonnes at a cost of dirhams 3.6bn (\$692m).

Such indications of impending agricultural disaster are complemented by trade figures from the Office des Changes which show the trade deficit widening at an alarming rate. Figures for the first half of 1981 show exports up by 15 per cent in value over the same period of 1980, but imports increasing by 28.8 per cent. This means that

only 52.4 per cent of imports were covered by exports compared with 65.3 per cent a year ago. The heaviest import expense is energy, which rose by a third to dirhams 2.75bn (\$529m). Disturbingly, energy imports now cost more than phosphate exports (the mainstay of Moroccan trade) which themselves have increased not because of greater export volume or better prices but solely as a result of the appreciation of the dollar.

Great hopes are placed on the new five-year development plan. This year's disastrous drought was particularly unfortunate since the economy otherwise looked to be improving more impressively than might have been expected after the three-year 1978-1980 austerity programme. That programme was instituted to reintroduce equilibrium in the economy caused by structural weaknesses, falling phosphate prices, the growing energy bill, a crushing external debt burden and large current account and budget deficits — all of which had conspired to wreck the ambitious 1973-1977 development.

The austerity programme seems to have done the trick in putting the economy back on course (even at a considerable price in social tension). Now the Moroccan government has to work out how to finance a projected growth rate of 6.5 per cent a year. The then finance minister, Abdel Kamel Reghayé, was told by the World Bank's president, Tom Clausen, in September that the country could not expect to get as much World Bank aid as it had hoped for. In line with the direction in which the multilateral aid institution is being forced, he recommended joint financing of programmes.

The gloomy statistics and the Casablanca riots are both making it difficult for Morocco to attract the required foreign investment. If the drought goes on, most observers expect further social upheavals — and a consequent decline in investment. Can the government get to grips with the crisis? Western diplomats, at least, are guardedly sceptical. They see the replacement of the competent Reghayé at the finance ministry in the cabinet reshuffle as an indication that the king is content simply to search for scapegoats.

PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN

DEFENSE MINISTER'S SPEECH ON ARMED FORCES DAY

Aden AL-RAYAH in Arabic 1 Sep 81 p 8

[Speech by PDRY Defense Minister, 'Ali Ahmad Nasi al-Bishi: "Success Achieved in Building the Armed Forces Is One of the Fruits of Our Yemeni Socialist Party's Correct Programs"]

[Text] Comrade secretary general of the Yemeni Socialist Party, Comrade members of the Political Bureau and the Central Committee, Comrade ministers,

Distinguished guests,

All our Yemeni people are celebrating the tenth anniversary of our Armed Forces Day, whose basic structure was founded as a result of the 22 June corrective step, as one of the important accomplishments of the glorious 14 October revolution. It gives me great pleasure on this occasion to welcome the heads and members of the delegations from brotherly and friendly armies, who have come to join with us in the celebrations of this anniversary.

I am also pleased on this glorious day to convey my warmest greetings to the officers, NCOs and men of the armed forces, the people's police, the militia, state security and the people's forces. On this occasion, I should not neglect to salute the fighters of the people's war of liberation, and the fathers, sons and mothers of the Yemeni revolution's martyrs who achieved independence and victory for our people through their sacrifices.

Our celebrations have been crowned by political and military activities which were inaugurated at the beginning of this year in all units of our armed forces, stemming from decisions of the emergency general conference of our Yemeni Socialist Party, in accordance with the invitation of the Central Committee, at its eighth session, sent to the heroes of our armed forces, pertaining to preparations to celebrate the tenth anniversary of Army Day.

These celebrations are also on behalf of the achievements and stirring work of the masses of our people and our armed forces, on behalf of accomplishing the important matters of the second 5-year plan, through raising production and improving the people's standard of living. When we celebrate the tenth Armed Forces Day, we are celebrating one of the national holidays of our glorious Yemeni people who have passionately loved freedom and who have defended it throughout their glorious history, making the greatest sacrifices for their sovereignty, independence and

territorial integrity. They have constantly refused to be provoked, intimidated or vanquished. They therefore cherish every defender of their freedom and their nation's soil.

Our intrepid armed forces have earned the greatest thanks and esteem for their heroic role and continuous steadfastness in the face of all kinds of imperialist and reactionary plots.

This intrepid army has grown and developed through the battles of national and class struggle and has been tempered in the turmoil of savage battle.

Long live the people's efforts, stemming from among their ranks, uniting together the hopes and aspirations for strong and lasting unity, inspiring in the masses of people determination, will and love of country, and making sacrifice a strong tool in the hands of the party and people, in order to protect the revolution's gains and consolidate its accomplishments.

Because they are marked by these revolutionary characteristics, they have emerged victorious from all the battles which they have fought in defense of the nation, revolutionary principles and in the people's interests.

If our armed forces have achieved those victories and have been able to protect the revolution and its gains throughout the years since independence, when they were small in number and weak in training and armament, then today they have become powerfully armed and trained, and highly conscious, highly skilled and greatly effective on all combat levels.

Our armed forces have not only carried out their duties in the nation's defense, but also have become an influential force, sharing in economic and social growth. They have clearly shown that, through joining the masses in building roads, schools, hospitals, housing units, digging wells and harvesting agricultural crops, as well as their full sponsorship of schools for the nomadic bedouin.

Comrade secretary general,

Comrade members of the Political Bureau and the Central Committee,

Comrades,

The experience of the past years has confirmed the correctness of our Yemeni Socialist Party's program and the validity of its political line in all fields. The success achieved in building the armed forces was one of that program's fruits. I would like to emphasize that the men, NCOs and officers of the armed forces give their absolute loyalty to the Yemen Socialist Party and believe in its domestic and foreign policy, and in all the decisions and directives of the Central Committee, Political Bureau and the revolutionary government, aimed at completing the important tasks of this stage of the national democratic revolution, and achieving all the Yemeni revolution's goals for social progress and unity.

Since we are expressing our extreme pleasure at the high level that our armed forces have attained, we would be remiss not to mention that that has been accomplished thanks to the fruitful cooperation and lasting friendship existing between our party

and people and the friendly Soviet party and people, that people who have impartially given and are giving their sweat and blood to help all peoples fighting for freedom and peace, demonstrating their loyalty to the principles of the proletariat, constantly standing beside the just struggle of our Yemeni people, giving them all kinds of assistance and support on behalf of progress and development, just as they stand beside the struggle of our Arab peoples in their fight against imperialism, Zionism and reaction.

As we express our appreciation for this assistance, we would like to stress that relations between our country and the peoples and parties of the socialist countries, led by the Soviet Union, will continue to be deep-rooted and will remain forever like the lofty Ural mountains.

Once again, I welcome all our guests who are joining with us on this occasion.

Absolute love and loyalty for the Yemen Socialist Party.

Thank you.

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CSO: 4404/25



## YAMANI PLEDGES TO DEFEND \$34 MARKER PRICE

Paris AN-NAHAR ARAB REPORT &amp; MEMO in English No 46, 16 Nov 81 pp 9-11

[Text]

Saudi Arabia is determined to defend the \$34 per barrel price for Arabian Light crude against all comers, Sheikh Ahmed Zaki Yamani declared in Riyadh last week. The Saudi Arabian Oil Minister told British correspondents that the Kingdom was prepared to drop production to as low as 7 million b/d to counter efforts by purchasers to drive down the price of the OPEC marker crude or flood the market with oil if the organisation's other members tried to overstep the \$4 upward limit on differentials. "We will raise it (production) if someone is playing with prices," Sheikh Yamani declared. He hinted that differentials might be lowered at OPEC's next meeting in Abu Dhabi in December.

Sheikh Yamani left none of the correspondents in any doubt that he meant business. In October, he revealed, Saudi Arabia had raised its production to 9.6 million b/d to put additional pressure on the other 12 members of OPEC to agree on a unified pricing system. His own prediction was that the present glut of oil would end around April of next year, with the market in balance and demand for OPEC oil up to 23 to 24 million b/d from the present level of 20 to 21 million b/d. He said he saw no reason other than an attempt to manipulate prices that would prompt Saudi Arabia to alter its November production rate of 8.5 million b/d for several years.

In the event of a cease-fire between Iraq and Iran, this could mean bad news for the Iranians. Sheikh Yamani indicated the Kingdom would only relinquish part of its 8.5 million b/d share of the world oil market if it agreed to do so in advance, a factor that would clearly favour Iraq. The Iraqis, he noted, would be capable of boosting output to nearly 3 million b/d within five to six weeks after hostilities were halted and had already purchased equipment to permit a temporary increase in exports. If Iran was likewise able to increase its exports, this would mean the joint output of the two warring Gulf states could reach 6 million b/d, he said, although he acknowledged that Iran's ability to export

oil was not known at present because of damage inflicted in September by Iraqi bombers to the Gurreh pumping station which supplies Iran's Kharg Island export terminal with crude.

(In the view of this newsletter, an increase in the combined output of Iraq and Iran to 6 million b/d, if it should occur during the second half of 1982, would absorb the projected increase in demand and still leave an excess of supplies. In the meantime, there are reasons to believe that Iraq's exports could reach 2.4 million b/d well before that time. If, therefore, Saudi Arabia is to maintain its commitment to support the current price structure, it might have to reduce its exports by significant additional amounts. Saudi Arabia's ability to reduce output does, nonetheless, have a floor to it and the question would then be whether Saudi Arabia's minimum production would still leave the market glutted with oil.)

Sheikh Yamani did indicate however a degree of flexibility in Saudi production plans. Commenting that Saudi Arabia's financial planning was based on oil production of 6.2 million b/d at \$32 per barrel, he added: "I think our finance minister would be happy with 7 million b/d."

The primacy of oil in Saudi Arabian thinking was illustrated by Sheikh Yamani's comment on the industrial complexes being built at Jubail and Yanbu to use associated gas as a feedstock. There would be no need, he noted, to cut gas production until oil output fell below 7 million b/d. If this should occur, Sheikh Yamani told the correspondents, the petrochemical plants might have to accept lower deliveries of gas and reduce their production of petrochemicals.

Sheikh Yamani indicated that oil liftings by the old ARAMCO consortium -- Exxon, Socal, Mobil and Texaco -- were averaging 6.5 million b/d and that about 2 million b/d was being sold to Third World countries, either through direct sales or as the result of liftings by independent oil companies. He saw no prospects for a significant slump in sales to the old ARAMCO partners. "If we leave it to market forces," he said, "when it comes to Saudi Arabia (dealing) with four American oil companies relying mostly on Saudi supplies. I don't think they'll come down in their liftings much."

Sheikh Yamani also indicated that the current de-stocking by oil companies of some 2 million b/d was going on at a higher rate than had been thought likely inside OPEC a few months ago. One reason was that oil companies saw no reason to hold extraordinarily high stocks when there was reasonable assurance of the continuity of supplies at stable prices.

Continuity -- and Saudi Arabia's ability to remain a major force in the oil market for many years to come -- was a recurring theme in Sheikh Yamani's survey for the

correspondents of Saudi Arabia's oil industry. The Kingdom's published figure for proven reserves of 173 billion bbl out of world reserves of 650 billion bbl had been calculated in a very conservative way, he insisted. There was considerable debate inside Petromin, the state-owned oil company, on the size of Saudi Arabia's reserves. The current figure for proven reserves was calculated from the amount of oil shown by production and exploration wells and did not take into account the size of reservoirs that had been indicated by seismic exploration work. "If I applied the Mexican method (of calculating the size of reserves), you would be amazed," he stated. "You would have to fasten your seat belts."

Furthermore, Sheikh Yamani noted, exploration had been limited principally to ARAMCO's operating area, where new discoveries tended to be small. But he said there was reason to believe that large fields remained to be discovered outside the ARAMCO zone and he added that there was a "possibility" that non-ARAMCO companies would be allowed to prospect for oil, although there were no immediate plans for such a move. Saudi Arabia, he declared, was currently finding almost as much new oil as it produced.

(Underlying this statement, this newsletter believes, is the fact that geological and seismic work undertaken in the Rub al-Khali (Empty Quarter) desert in southern Saudi Arabia indicates the probability of vast oil resources. But the Saudis have chosen to leave this area undeveloped. There are two reasons: the Rub al-Khali is a difficult area for oil operations and Saudi Arabia already faces enough pressure from other producers because of its declared reserves base and its accumulating oil surplus funds. Moreover, the Saudis prefer by nature to maintain a low profile. Their aggressive pressure on world oil markets prior to the reunification of the pricing system was due to their conviction that the market for oil as such had come to face serious threats. This point was made clearly by Sheikh Yamani in a paper which he delivered to the Oxford Energy Seminar in September and which was published by this newsletter in its issue of October 19.)

Sheikh Yamani said he believed it would be several years before demand for OPEC oil rose above 29 million b/d, which is below the organisation's production capacity of 30 million b/d. In the meantime, OPEC's long term strategy was undergoing revision to make it more flexible, he said. The strategy was drawn up when oil was selling at about \$18 per barrel two years ago and would have provided for regular increases in oil prices which were indexed to economic growth, inflation and other factors to raise gradually the real price of oil. The strategy will be discussed at Abu Dhabi.

The revised strategy might make provisions for

lower oil prices in certain circumstances, Sheikh Yamani hinted. Last month's extraordinary meeting of OPEC ministers in Geneva had been significant, he pointed out, because "we learned for the first time we could lower prices as well as increase them."

As a footnote, Sheikh Yamani provided a decent burial for some persistent, but highly suspicious reports that Saudi Arabia was planning to build huge bomb-proof storage tanks near Yanbu on the Red Sea capable of holding 1.5 billion bbl of crude. It was this newsletter's view that the reports, which began to circulate in October and which the Saudi authorities refused either to confirm or deny, were intended to frighten other OPEC producers at a time when the glut of oil engineered by Saudi Arabia had already made them extremely nervous.

Sheikh Yamani dismissed the reports. Saudi Arabia was considering the development of storage facilities at its main export terminals, he said. But he added that this extra storage capacity would probably handle no more than a week's exports of crude or four weeks' supply of refined products, normal amounts for an exporting country.

CSO: 4400/77

## OIL EXPLORATION TO CONTINUE

London 8 DAYS in English No 46, 21 Nov 81 pp 54-55

## [Text]

SAUDI ARABIA is considering opening up new oil exploration areas to international companies. Sheikh Ahmed Zaki Yamani, the Saudi oil minister, is studying the possibility of inviting exploration companies to search in areas outside the concession controlled by the Arabian American Oil Company (Aramco). These areas, in the Eastern Province, contain virtually all the kingdom's proven oil reserves, estimated at more than 173bn barrels.

Oil companies and the government are convinced that there is much more oil and gas to be found in Saudi Arabia, particularly in an area between Riyadh in the Central Province and the Iraqi border. Aramco partners — Exxon, Standard Oil of California, Texaco and Mobil — are thought to be among companies anxious to extend the search in Saudi Arabia, which already has by far the world's biggest reserves.

At its present rate of production — 8.5m barrels a day — Saudi Arabia has enough proven reserves to last about 56 years. Sheikh Yamani claims that the government's official estimates of proven reserves are very conservative.

Members of Aramco — now an effectively nationalised company — tend to be even more conservative in their reserves appraisal, however. They estimate their own proven reserves at 113.5bn barrels, although they believe that probable reserves (the amount expected to be recovered using existing technology) to be nearer 179bn barrels. It is estimated that Aramco controls some 70 per cent of the Saudi reserves.

Significantly, Saudi reserves have continued to rise in spite of the very big increase in the kingdom's production rate since the early 1970s. Aramco is continuing to find new fields in its concession area. Sheikh

Yamani said last week that while nothing was planned immediately, it was a possibility that new exploration areas could be licensed to companies outside the Aramco partnership. European and US groups are thought to have already expressed interest in possible new concessions.

Another route open to the Saudi government is the commissioning of Aramco members to carry out explorations for a fee. The kingdom would then gain additional knowledge of its reserves without the need for new licensing concessions.

Earlier this month, a new study released by Opec news agency, Opecna, reported that several 'huge' fields have been discovered but not tapped in Saudi Arabia. It also claimed that there are untapped fields around the world which, when developed, would add a total of around 450bn barrels of oil to the world's current proven reserves of about 650bn barrels. The agency was quoting a study by the Italian oil company Agip.

Better recovery methods and other new technology could add a further 567bn barrels to total world reserves by the year 2000, adding up to a total of 1,669bn barrels, according to Agip vice-chairman Marcello Colitti.

Opecna said the study estimated that seven 'super giant' fields remained to be tapped — three in the Middle East and one each in North America, Latin America, Africa and Western Europe. It did not specify exact locations, however.

Colitti said over 30 per cent, or 139bn barrels, of the undiscovered oil was in the Middle East. The Soviet Union, the Americas and Oceania could have undiscovered reserves of over 200bn barrels, he added.



'Much exploration and development remain to be done in Saudi Arabia, Iran and Iraq, where prospects are very interesting,' he said. 'Prospects are not so promising in Syria and Oman. In Iraq it is likely that new giant fields will be found, and it is presumed that the value of the reserves will rise markedly as a result of development of the deeper parts of known productive deposits. The offshore area of the Arabian peninsula on the Indian Ocean side appears to be of great interest, although as yet it has barely been exploited.'

Colitti added that a probable 55bn barrels of oil remained to be discovered in Africa. This and an estimated 42bn barrels to be extracted through enhanced recovery techniques should boost the continent's total reserves to 180bn barrels by the end of

the century. Although many of the huge but hardly explored sedimentary oil basins in Africa are not very promising, some — such as in Chad — look quite favourable.

Colitti expected new finds in the US and Canada, especially in the Arctic basins and off the Labrador coast, as well as in the Atlantic coast basins of Central and South America. He also referred to enormous reserves of natural gas in the Middle East, both associated with oilfields and independent of them.

He said that proven reserves in the region, plus additions likely by the year 2000, could total 53,300bn cubic metres, more than 42 per cent of which was still undiscovered.

CSO: 4400/76

## AIRPORTS' VIABILITY QUESTIONED

London 8 DAYS in English No 46, 21 Nov 81 p 53

[Article by John Stokes]

[Text]

AS THE construction of the new Riyadh airport passes the halfway stage, some Saudi officials are having doubts about the series of massive airports the kingdom is planning.

Jeddah airport, which boasts the world's largest terminal, was completed earlier this year at a cost of Saudi riyals 17bn (\$5bn). During the Hajj, when over one million pilgrims came from all over the Muslim world, the airport was still only used to less than 50 per cent capacity.

The one going up near Riyadh is even larger. Some 35km north of the capital, the first phase of the construction programme is nearing completion. Initially there will be three terminals: international, domestic and Royal. There are separate departure and arrival highways to the city. The design concept of the managing contractor, Saudi Arabian Bechtel, allows for modular expansion as the city's needs grow. The old airport inside the city was directly in the path of its future development.

The airport already employs 10,000 men, drawn from nearly a dozen countries, who work for a total of 59 subcontractors. Such is the technology used in the construction that the worldwide procurement of goods and materials is operated via satellite and computer. There is also a huge tree-planting and landscaping scheme that will change the city's desert environment beyond recognition.

With a third massive airport planned for Dammam at the end of the decade, some Saudis are now wondering what they will do with the potentially under-used giants. Officials estimate that, by the year 2000, the airport will serve 15m passengers a year (twice the kingdom's population). However, such figures are not taken seriously by Saudi critics of the International Airports Project, the arm of the defence ministry which is responsible for building them.

Another consideration affecting the airports' viability is the phenomenal manpower they require. By 1985 Jeddah airport will need a normal staffing level of 15,000 bolstered by another 3,000 during the Hajj. Riyadh airport will need even more.

Training programmes have been started for Saudi management personnel, but there will simply not be enough Saudis (especially trained Saudis) to go round. Also, the massive number of Pakistanis, Indians, South Koreans and Filipinos needed to maintain the airports goes against the main tenets of the third plan, which aims to cut back on imported labour. Only 70 Saudis are currently studying airport management in the US and West Germany, a total hardly adequate for Jeddah airport alone.

The airports' huge running costs may well mean little to the Saudis at the moment, but their upkeep alone could start to hurt if and when Saudi oil revenues go down, one western expert has claimed.

MINISTER OF PLANNING DISCUSSES PLANS FOR INVESTMENT, GROWTH

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 31, Oct 81 pp 56, 57

[Interview with Minister of Planning Dr Salim Yasin by AL-IQTISAD WA AL-A'MAL: "Three Development Strategies Crystallize the Goals of the New 5-Year Plan"; date and place not specified]

[Text] In spite of its heavy defense burdens, Syria has set forth a new 5-year plan for 1981-85 which stands apart from other plans by its comprehensive nature. Its costs come to 101.4 billion Syrian pounds and it is aimed at developing local product by 7.6 percent per year and raising per capita income by 3.7 percent per year. The Syrian minister of planning, Dr Salim Yasin, declared the goals and ambitions of the plan to IL-IQTISAD WA AL-A'MAL, and here is the conversation:

Question: The fifth 5-year plan has been prepared in accordance with two considerations, the short-term and the long-term (5- and 1-year); could you explain these two considerations to us?

Answer: The fifth 5-year plan represents an economic and social policy platform for the coming period 1981-85. It was essential to arrive at a clear definition of this economic and social platform through a general definition of economic and social features over the long term so that it would reflect a picture of society and its desired economic and social relations.

Within this context, based on the results of a study and analysis of Syria's economic and social situation, a detailed study was made on the 1980 data in accordance with basic detailed variables and indices, and it was considered a basic point for preparing a long-range strategy of economic and social development up to 2000 in the 5- and 10-year contexts.

The goals of economic and social development in the period 1981-1990 (the 10-year context) were crystallized in the light of this strategy, in addition to the goals of economic and social development for the period 1981-85 (the 5-year context). These goals constituted executive stages for long-range development strategy.

Question: What are this plan's general goals?

Answer: The general goals of the fifth 5-year plan as one of the executive stages of the long-term strategy are to:

1. Increase citizens' income and raise their standard of living and culture.

2. Change the structure of the economy in favor of the economic sectors.
3. Liberate the economy by realizing increasing rates of self-sufficiency.
4. Insure justice in the distribution of income in a manner realizing a better life for everyone.
5. Benefit from the productive industrial and agricultural private sector, encourage it in areas supporting the public sector, and participate with it in carrying out development programs.
6. Encourage the joint sector and create formulas and systems that will guarantee that the volume of private funds invested in the various productive sectors increases.
7. Priorities in the fifth 5-year plan will be as follows:
  - A. The optimum use of existing economic projects and the effort to put projects that are being carried out or are planned to be established in productive operation as quickly as possible.
  - B. Attainment of broad, rapid development in the agricultural sector, in its plant and livestock areas both, considering developing the rural areas and developing and reducing the discrepancies between them and the urban areas to be the primary task of the economic and social plans.
  8. Increase the average working person's share of gross domestic product.
  9. Guide consumption in the light of coordination of consumption patterns and productive resources.
  10. Increase the proportion of teachers and people with specializations among the total number of working persons.
  11. Limit functional illiteracy.
  12. Provide suitable housing for citizens.
  13. Reform administration in the government and economic sectors.
  14. Set prices of production in the light of economic costs.
  15. Determine wages, salaries and bonuses in the light of the criteria of the economic costs of production and the criteria of performance and costs of living.
  16. In the context of the general budget, goals have been determined as:
    - Achieving a better correspondence between total local revenues and expenditures in the general budget and between them and gross domestic product.
    - Increasing local current and investment revenues.

Limiting current spending and maintaining suitable investment spending in order to achieve production goals and basic services in the various sectors.

Reducing the deficit in the general government budget.

Question: What are the economic and social goals of the development plan?

Answer: The goals that have been spelled out for the domestic economy in the fifth 5-year economic and social development plan are focused on the following points:

1. Increasing gross domestic product by 44.1 percent in the plan in order that that will rise from 55,273,000,000 Syrian pounds in the base year to 79,673,000,000 in fixed 1980 prices in 1985 for an average rate of growth of 7.6 percent a year.
2. Increasing the per capita share of gross domestic product by an average rate of 3.7 percent a year, so that that will rise from 6,156 pounds in the base year to 7,397 pounds in 1980 prices in 1985.
3. Increasing the total ultimate consumption of goods and services by 38.6 percent, so that that will rise from 44,777,000,000 pounds in the base year to 62,083,000,000 in 1985, or an annual growth rate of 6.8 percent.
4. Setting the ratio of total ultimate consumption of goods and services to gross domestic product at 81 percent in the base year and 77.9 percent in 1985.
5. Raising the level of ultimate per capita consumption by an average annual rate of 3 percent.
6. Raising the nutritional level so that the per capita share of calories will rise in the base year to 2,807 in 1985.
7. Raising the citizens' educational level by raising the proportion of educated persons among the total population above 10 years of age from 65.3 percent in the base year to 75 percent in 1985.
8. Increasing employed persons per capita share of gross domestic product (productive) by an annual rate of 3.3 percent on the average up to 1985.
9. Setting the ratio of total investment to gross domestic product at 29.7 percent in 1985.
10. Setting total investments at 101,493,000,000 Syrian pounds in the fifth 5-year plan period, so that total investments in 1985 will be 37.6 percent greater than the level of investment in the base year, for an average growth rate of 6.6 percent per year.
11. Setting the rate of increase in the imports of goods and services at 18.2 percent during the years of the plan, or an average growth rate of 3.4 percent per year, so that the ratio of imported goods and services for ultimate consumption to total ultimate consumption will decline from 7.4 percent in the base year to 5.9 percent in 1985, the ratio of imports of goods and services for intermediate consumption (production requirements) to total intermediate consumption will drop from



24.8 percent in the base year to 17.2 percent in 1985, and the ratio of imports of goods and services for capital formation to total capital formation (investment) will decline from 34.5 percent in the base year to 30.8 percent in 1985.

12. Increasing exports of goods and services during the plan by 37.1 percent, for an average rate of growth of 6.5 percent per year, setting the ratio of exports of goods and services to gross domestic product at 12.4 percent in the base year and 11.3 percent in 1985.

13. Raising the commodity sectors' contribution to gross product to 52 percent and that of the productive service sector to 29 percent in 1985.

14. Setting the share of the productive sectors (excluding oil activity) relative to total employed persons at 61.1 percent in 1985.

15. Setting the share of the commodity sectors during the plan relative to total investments at 46.1 percent, the share of the productive service sectors at 33.7 percent, and the share of the group, social and personal service sectors at 20.2 percent.

Question: Has the new plan made allocations for projects which were not completed in the previous plan?

Answer: In reality, work on preparing the fifth 5-year plan and formulating its goals has been broken down into two stages:

A. A basic stage: during this, various branch plans have been set forth, that is, plans for production, employment and investment based on the optimum use of existing capabilities, including:

Improved use of existing capacities, assets and resources, and ones which are to be constructed and whose operation is to start during the fifth 5-year plan.

Raising the productivity of labor and fixed assets and improving the use of available materials and local products.

Making maximum possible economic use of work shifts.

Retaining and continuing to renovate existing capacities.

B. A final stage: during this stage, the fifth 5-year plan was prepared, proceeding from the basic stage plan on the one hand and from the frameworks of indices, goals and strategies of economic and social development strategy for the period 1981-85, so that existing productive capacities could be rounded out by new productive capacities on the basis of project index lists bearing on each sector. On that basis, the plan comprises two classes of projects:

A. Basic stage projects: these consist of:

Projects on which work began in 1981 in accordance with the fourth 5-year plan.

Projects which are aimed at eliminating bottlenecks in existing capacities.

Projects to improve and renovate existing capacities. The plan has given top priority to the execution of these projects.

B. New projects: these include other projects on which work will start during the plan period.

Question: What are the methods used for setting the plan out?

Answer: In preparing the plan, all available technical tools and methods that are compatible with the nature of the available data and information have been used in the manner presented in the answer to the first question. Although this plan has used modern tools of economic planning, such as commodity balances, mathematical models, studies of anticipated demand, sectoral surveys and so forth, in addition to the tools that were used in the past, or fourth, 5-year plan, the planning process still aspires to use more tools and more modern methods in the future.

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## SALIH TRIES TO MAINTAIN DIPLOMATIC BALANCE

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## [Text]

NORTH YEMEN'S President Ali Abdullah Saleh has opened the diplomatic season in characteristic style, with visits to Moscow and Riyadh. His attempts to strike a workable regional and superpower balance for his underdeveloped country meanwhile assume a greater urgency with news of increased fighting between government forces and rebels in the south and centre of the country.

Usually reliable Arab sources report that the confrontation with the rebels, which has simmered for five years in the republic's remote mountain reaches, was stepped up recently to the point where the government forces had to deploy air power against rebel regions in the south. Other reports say the rebels are now well dug in on heights overlooking Taizz and Ibb — both some considerable distance from the region bordering pro-Soviet South Yemen where the rebellion has previously been endemic.

At his farewell banquet in Moscow, President Saleh enthused: 'In his heart every Yemeni is loyal to the Soviet Union.' These remarks may have puzzled his battle-weary troops back home, as they see the rebellion, which they suspect is backed by the Soviets, gaining in strength every week. But his purpose, according to at least one report, was linked to his troops' interests: it was to seek renewed shipments of Soviet ammunition, now in particularly short supply since much of the republic's stock was sold to the Iraqis some months ago.

These sources say that Moscow has been keeping up its agreed levels of arms shipments to North Yemeni ports to cater for the republic's special needs. But any arms supplier to the regime in Sanaa should know the pitfalls: the government has a long-standing tendency to sell off military sup-

plies soon after delivery, and back in 1978 President Saleh had no sooner clinched a new arms deal with the US than he went and begged more from the Soviets.

Sanaa's ability to play the big powers off against one another stems from the republic's strategic location, wedged in between the Americans' and the Soviets' trustiest allies in the Arabian peninsula (Saudi Arabia and South Yemen respectively). North Yemen's population of around 5.3m dwarfs that of its southern neighbour (1.9m), and about equals that of Saudi Arabia, while being concentrated inside much tighter national boundaries. Over a million North Yemenis are estimated to work inside Saudi Arabia, and tribal links are strong between North Yemen and some of the Saudi nationals living just to the republic's north.

The monarchy therefore has a considerable interest in the stability and political direction of the North Yemeni government, and has often acted to defend those interests since the kingdom's own consolidation some fifty years ago. Saudi Arabia balances Sanaa's books by financing the national budget deficit and by other forms of direct aid. It also pays for much of North Yemen's arms requirements, though it insists that American spare parts for its weapons should all be routed through Saudi Arabia, in order to boost the kingdom's political leverage on Sanaa. Supplies have been held up on at least two occasions recently.

Tension between Sanaa and Riyadh has been running higher than usual for most of this year, since the Yemeni authorities' detention a year ago of the pro-Saudi former foreign minister, Abdullah al Asnag. Asnag is reportedly still under house arrest in Sanaa, but has not yet been brought to trial on the charges of 'conspi-

raey' levelled at the time of his arrest. The delay presumably arises from a wish not to embarrass the Saudis. His friend Mohammed Khamis, former head of the republic's intelligence service, was killed in a car crash in somewhat suspicious circumstances earlier this year.

The rebellion has meanwhile continued apace, spreading even to tribes such as the Hashid and Bakil, previously considered staunchly conservative. The rebels' leadership is vested mainly in the National Democratic Front (NDF), which has links with the South Yemeni regime in Aden — though the scale of the insurrection is now clearly greater than that of a purely Aden-instigated border dispute.

The NDF is reportedly still interested in attaining a political settlement to their grievances, preferably through the inclusion of NDF ministers in central government. In recent weeks the NDF has repeated its offer to meet government representatives 'anywhere at all in the country' — the wording of the offer itself a clear indication that the Front feels it has strong countrywide support, including in the colourful bazaars of Sanaa.

The Front recently made another goodwill gesture by releasing an officer cousin of President Saleh, captured by the rebels in an earlier engagement, in exchange for the government's release of an unnamed rebel captive.

Saleh's visit to Moscow was intended, in part, to ward off rebel criticisms that he is one-sidedly aligned with the Saudis. Nevertheless, the government has still refused to open negotiations with the NDF. North Yemen thus remains a running sore in the Arabian peninsula, a place where regional powers can continue to fight out their wars-by-proxy.

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